

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Fukuoka Kogyo Daigaku Corporation (security code: -)

<Affirmation>

Long-term Issuer Rating: AA-
Outlook: Stable

Rationale

- (1) Fukuoka Kogyo Daigaku Corporation (the "Corporation") is an incorporated educational institution founded in 1954, with a campus for Fukuoka Institute of Technology ("FIT") in Higashi-ku, Fukuoka City, Fukuoka Prefecture. FIT's premises conveniently have a direct connection to Fukkodai-mae Station on the JR Kagoshima Main Line, where rapid trains make a stop. FIT, the core of the Corporation, consists of three faculties and nine departments, and is one of the leading private universities in the Kyushu region. In April 2024, the Department of System Management in the Faculty of Information Engineering will be reorganized to establish the Department of Information Management. The total number of students is approximately 6,700 including its junior college and high school. Under the management concept of "For all the students!," its medium-term management plan formulated through cooperation between teachers and education staff is highly evaluated by the circles of higher education.
- (2) Although the market environment is becoming increasingly severe due to the declining birthrate, FIT keeps the total numbers of both applications and actual applicants of enrollment at high levels, maintaining the highest application ratio in the region. FIT has been enhancing its status as a university to which is applied concurrently with national/public universities, and the level of difficulty in entrance exams is on a rise. The ability to acquire students for its junior college and high school is strong as well. Also given the favorable education management cycle, JCR assumes that its revenue stability will be kept for the foreseeable future. JCR judged that the Corporation will be able to continue sound financial management going forward, by maintaining and renovating existing facilities/equipment while making aggressive investments in education and research, on the back of strong budget control. Based on the above, JCR has affirmed the rating on the Corporation with Stable outlook.
- (3) With the high viability of its PDCA cycle, the Corporation is renowned for making quick management decisions. Under the ninth medium-term management plan from the academic year ending March 2023, the Corporation will continue to target "a top-class educational base in Japan," aiming to further raise its position. Recognizing the upgrading of the education based on students as the most important issue, it will continue to push ahead with the improvement of education and research. Moreover, in anticipation of market contraction and changes in the trend of applicants due to the declining birthrate, the Company intends to change its strategy to attract students and shift from quantitative expansion to qualitative improvement. JCR will pay attention to whether the Company can keep the cycle of increasing the difficulty of entrance exams while improving its ability to produce human resources and maintaining a certain number of applicants.
- (4) There is no change in its policy of setting the revenue/expenditure balance on business activities at a low level in advance, in order to make maximum returns to students in the form of education, support, etc. In addition to the expansion of school payments and subsidy income, the efficient allocation of expenditures ensures stable cash flow while expanding the investment budget for education and research. As plans for large-scale facilities and equipment have almost completed, capital expenditures for the foreseeable future can be paid by periodic cash flow. The fund accumulation is expected to advance for the future environment improvement.

Shigenobu Tonomura, Masaki Abe

Rating

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<Affirmation>

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Rating Assignment Date: January 10, 2023

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (November 7, 2014) and "Incorporated Educational Institution" (Aug. 1, 2022) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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