

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

## National University Corporation Hokkaido University

(security code: -)

<Assignment>

Long-term Issuer Rating: AAA

Outlook: Stable

### Rationale

- (1) National University Corporation Hokkaido University (the "University") is one of Japan's leading universities with the largest number of faculties in Japan. Originated from Sapporo Agricultural College built in 1876 with Dr. Clark as the first vice president, through the Agricultural College of Tohoku Imperial University, Hokkaido Imperial University, and so on, the University has been established as what it is today. While possessing favorable field resources, it has major bases in Hokkaido Prefecture, a forerunner-region of social issues. In addition to the Sapporo and Hakodate campuses, the University has research forests and coastal research laboratories, making it one of the universities with the largest campuses in the world. With strengths in researches in line with SDGs based on its historical/regional characteristic, it is highly contributing to resolving global issues. Under the basic philosophies consisting of "Frontier Spirit," "Global Perspectives," "All-round Education" and "Practical Learning," the University pursues "Accessible Excellence" and aims to be an "Incomparable University." The abilities of the University and graduate schools to acquire students and to produce human resources for society are strong, and the ability to acquire external funds is also among the top in Japan.
- (2) National university corporations are directly responsible for the national higher education policy. Their political importance is high, and continuity and stability are recognized in the corporation system. However, with the competition principle strengthened for fiscal measures from the national government, the business environment is severe. The University's cash flow generation capacity is at a high level among national university corporations. As a leading research university and a core university in the region, the University has abundant management resources, and if it utilizes the resources further, there is a great potential to capture numerous business opportunities. Going forward, the University will likely continue to secure the stability and growth of its revenues. JCR determines the credit rating comprehensively by incorporating the credit enhancement effects of the national government, etc., in addition to the conditions of each corporation. Given the above, JCR has assigned an AAA rating to the University with Stable outlook.
- (3) In order to promote strategic university management, the University established future strategic headquarters in November 2020, building a structure to examine necessary responses/measures for resolving urgent issues. Until now, it established a DX working group, a business revenue working group, an SDGs promotion working group, an organizational reform working group, a society cooperation business working group, etc. Moreover, the University is proceeding with the formulation of "HU VISION 2030 (tentative name)" as a new academic-wide vision for 2030, with an intention to aim to become a university that creates social impacts through outstanding researches. JCR will pay attention to whether a virtuous circle, in which the University increases business revenue and makes strategic/focused resources allocation to grow as public goods, can be established.
- (4) The University's ability to obtain competitive funds of the Ministry of Education, Culture, Sports, Science and Technology, etc. and joint research funds with companies, etc. is high among Japanese peers. On the other hand, the scale of grants for operating expenses is relatively large, and there is considerable room to raise the external funds ratio. The cooperation systems between industry-academia and government-academia have been greatly enhanced, and results from strengthening the engagement with society are expected. In addition to the Institute for Chemical Reaction Design and Discovery (ICReDD), the world's top-level research base, the University has strengths in research fields such as smart agriculture, industrial and fisheries; the formation of a platform for infectious diseases common to both humans and animals; health science; and carbon neutral. There is room for growth in joint research centered on these fields. Meanwhile, other than donations, it is

also assumed that there will be opportunities to earn incomes by utilizing assets held, such as research forests.

- (5) Its affiliated hospital plays an important role as an advanced treatment hospital, a clinical research core hospital, and a physician training institution. Its revenues are trending upward in response to the national medical policy, and the impact of the COVID-19 pandemic is limited. While the current inflationary impact requires caution, given that it is highly likely that necessary financial supports will be obtained and efforts will be made to improve clinical indicators, stable business conditions are expected to be maintained. However, because a considerable amount of time has passed since the previous hospital redevelopment, large-scale development will be required in the future. A further improvement in revenue/expenditure will be an issue to be addressed in order to secure financial sources for redemption.

Shigenobu Tonomura, Masaki Abe

### Rating

Issuer: National University Corporation Hokkaido University

<Assignment>

Long-term Issuer Rating: AAA      Outlook: Stable

Rating Assignment Date: December 12, 2022

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 "FILP Agencies, etc." (May 29, 2020)" and "National University Corporations" (August 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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