

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

Fukuoka Institute of Technology (security code: -)

<Affirmation>

Long-term Issuer Rating: A+
Outlook: Stable

Rationale

- (1) Fukuoka Institute of Technology (the "Institution"), founded in 1954, is an incorporated educational institution that has a campus in Higashi-ku, Fukuoka City. It is very convenient, because it is directly connected to JR Kagoshima Main Line Fukkodai-mae Station (limited express stop). The Institution has a junior college and Jyoto High School in addition to the main University with the total number of students reaching about 6,900. Setting forth the management concept "For all the students!," it has been working on the 7th medium-term management plan, which was formulated by cooperation between the teachers and staff, since academic year 2016.
- (2) The total number of applicants for enrollment in the University has been increasing for 11 straight years, backed by the good track record of finding employment based on the careful education and student support, which is materialization of the management concept. As shown by the stable moves of the actual number of applicants and rising trend of difficulty in passing the entrance examination, its competitive strength in Kyushu area has steadily increased. Despite the tough business environment, the Institution has been stably securing enough number of students for the junior college and high school. Given the fact that it has a reputation for the good budgeting that can support maintenance/ replacement of existing facilities and aggressive investments in education/ research at the same time, JCR assumes that it will be able to keep a stable financial structure. With these factors, JCR affirmed rating for the Institution with Stable outlook.
- (3) The University has been further strengthening its ability to acquire students by allocating the increased revenue from the increased tuition to the improvement of education and research capacity, while maintaining the low level of tuition fee after the revision. Devoting itself to research support programs including the Ministry of Education, Culture, Sports, Science and Technology's comprehensive support for reforms of private universities, it is increasing revenues other than student payment. Business development in a speedy manner as a small-sized school is made possible by its highly effective PDCA cycle, which is undertaken by corporate and faculty bodies together. Its competitive strength may further increase, if it can further improve graduate school's education and research records as an engineering university, while keeping these kinds of management systems.
- (4) Having no borrowings, the Institution enjoys a sound financial structure as shown by the net assets ratio of 87.8% as of March 31, 2017. Construction for improvement of facilities in response to the increasing number of students at the high school and the diversified educational activities will shift into full swing in the future. It will finance the required funds for the construction by the systematically accumulated reserved assets and periodic cash flow. As it adopts a budget policy to set the revenue/ expenditure balance before transfer to capital fund at a low level in a planned manner, it is required to make further efforts for efficient expenditures and establishment of revenue sources in preparation for changes to the future business environment.

Norio Yoshida, Shigenobu Tonomura

Rating

Issuer: Fukuoka Institute of Technology

<Affirmation>

Long-term Issuer Rating: A+ Outlook: Stable

Rating Assignment Date: January 9, 2018

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status 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 methodology for determination of the credit rating is shown as "JCR's Rating Methodology" (November 7, 2014) and "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.