

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

## National University Corporation Osaka University (security code: -)

<Assignment>

Long-term Issuer Rating: AAA  
Outlook: Stable

### Rationale

- (1) National University Corporation Osaka University ("OU") is a national university which was established in 1931, inheriting the civic spirits of Kaitokudo and Tekijuku. It is one of the leading universities for higher education and research in Japan, and was merged with Osaka University of Foreign Studies in 2007. The main campuses are located in Suita, Toyonaka, and Minoh cities in Osaka Prefecture. OU has strong abilities to attract students for undergraduate and graduate schools and produce strong human resources for society. OU is also one of the best in Japan in obtaining external funds, and in recent years has increased its achievements by taking advantage of its strong ties with industry. Based on the spirit of "Openness," the university aims to be "one of the most innovative universities in the world that contributes to social change."
- (2) National university corporations are directly responsible for national higher education policy. Their policy importance is high, and the continuity and stability are recognized in the corporation system. However, financial measures from the government are not likely to increase, and the business environment is severe. In this environment, OU is strengthening its ability to acquire independent source of revenue and improving the level of education and research based on its abundant academic resources, domestic and international networks, and unique management system. As an institution assuming roles of development of education and research and transformation of the country into a knowledge-based society in Japan, OU will be able to seize numerous business opportunities and achieve both income stability and growth in the future. The interest-bearing debt is expected to increase as the hospital redevelopment project goes into full swing, but the increase will not increase the financial risk. JCR rates national university corporations in a comprehensive manner by incorporating credit enhancement provided by the government, etc. into their ratings in addition to their individual conditions as a single corporation. For this reason, OS' rating is affected by Japan's long-term issuer rating and outlook. Taking the above into consideration, JCR assigned a rating of AAA to OU with Stable outlook.
- (3) OU has established its version of the Provost and the Strategy Council, and is building a system for optimal decision-making through top-down and bottom-up approaches. The Provost is to appoint an Executive Director in charge of management, education and research, who will be responsible for strategic resource allocation and evaluation, as well as the planning and operation of university-wide education, research and international strategies. In addition, the Strategy Council broadly groups departments on the basis of commonality in education and research fields, and is responsible for planning personnel, education, and research strategies, as well as organizational structure in response to issues and needs. OU's ability to generate cash flow is supported by this governance structure.
- (4) OU is one of the best in Japan in obtaining competitive funds from the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and joint research funds with companies and other organizations. While making the most of its abundant faculty and graduate students, OU has made efforts to improve its research environment, reform its employment system, expand its international network, and promote co-creation among industry, academia, and government, resulting in significant growth in obtaining funds it receives every year. In particular, joint research revenue has doubled from 4.6 billion yen in AY2016 to 9.8 billion yen in AY2019, and it is also expanding the scale and scope of collaboration. A research cycle through the creation of outstanding research results and their return to society is being established, and the ability to obtain external fund is expected to continue to strengthen.
- (5) The affiliated hospitals are large in scale among university hospitals. The hospital affiliated with the School of Medicine plays an important role as a core hospital for clinical research, advanced treatment hospital, and also as an institution for training doctors. They are highly responsive to

medical policy and have maintained a trend of increasing revenue. Although the hospitals have been affected by the recent outbreak of the COVID-19, the management stability has not been significantly shaken thanks to the financial support from the government, etc. OU plans to redevelop its hospital facilities in anticipation of aging facilities and changing medical needs. Although the scale of investment is large, the financial risk is not likely to increase, because it is expected to strengthen its functions and increase income, and debt redemption expense is also expected to be leveled out.

Shigenobu Tonomura, Masaki Abe

### Rating

Issuer: National University Corporation Osaka University

<Assignment>

Long-term Issuer Rating: AAA      Outlook: Stable

Rating Assignment Date: March 16, 2021

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 "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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