

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

Kyoritsu Women's Educational Institution (security code: -)

<Affirmation>

Long-term Issuer Rating: A+

Outlook: Stable

Rationale

- (1) Kyoritsu Women's Educational Institution ("Kyoritsu") is a traditional women's professional educational institution founded in 1886. Under the founding philosophy of "Independence and self-support of women" it follows the motto of "honesty, diligence and friendship." In its university and junior college, it adopts "Major in Anything. Minor in Leadership." as well as "Kyoritsu Leadership" as its slogan. It operates Kyoritsu Women's University (the "University") at the core, along with one junior college, two high schools, two junior high schools and one kindergarten, with approximately 8,000 students in total. The University has five faculties, namely Home Economics, Arts and Letters, International Studies, Nursing and Business (established in April 2020) in its Kanda-Hitotsubashi Campus, which is favorably located in Tokyo's Chiyoda Ward, and offers wide-ranging specialist courses, including natural science. Kyoritsu plans to establish the Faculty of Architecture and Design in April 2023.
- (2) Kyoritsu has been promoting educational reforms considering changes in the environment; therefore, there are no concerns over securing students enrolling in the University, a main source of income, in a stable manner. While attention needs to be paid to trends in the Second Kyoritsu Girls' Junior & Senior High School in Hachioji City and Kyoritsu Women's Junior College, its revenue will likely increase as students advance to the next grade followed by incoming students in the Faculty of Business, and others. Backed by the prudent budget management, cash flow level and the stability will unlikely change significantly for the time being. Since its facility development plan requiring a large amount of expenditure has not been materialized, its financial risk will unlikely become higher. Based on the above, JCR has affirmed the rating on Kyoritsu with Stable outlook.
- (3) In addition to declining birthrate, co-education schools have been enhancing their awareness toward diversity and inclusion, and the competitive environment is becoming increasingly severe. Although the total number of applications for enrollment in the University are weak under such circumstances, Kyoritsu has been working on improving the entrance examination scheme including expansion of the entrance examination by recommendation or comprehensive selection (former AO examination). The University is speeding up consensus building and measures. It focuses on carrying out educational activities or branding around leadership. As a new measure, it has decided to establish a separate faculty for the Department of Architecture and Design in the Faculty of Home Economics. In addition, it has also addressing its long-term issues such as activating the international exchange and research. On the other hand, the number of applicants for the Second Kyoritsu Girls' Junior & Senior High School has been improving since hitting bottom for enrollment in the academic year ended March 2019 (AY2018); however, it has not reached the enrollment limit yet. Kyoritsu Women's Junior College maintains a certain capability to acquire students; however, the number of applicants are decreasing in the junior college market as a whole. JCR will continue to watch the outcome of the educational reforms in each school.
- (4) The number of students will increase by AY2023 as students advance to the next grade followed by incoming students in the Faculty of Business. In addition, a rebound increase can also be expected as the University curbed the number of student enrolling in relation to opening the said faculty. Kyoritsu can maintain a stable revenue/ expenditure balance before transfer to capital fund as the University's students will likely increase for the time being, in JCR's view. Its financial soundness will unlikely be impaired as its cash flow-based budget management is prudent shown as setting a total limit for expenses requiring for renewing facilities and information equipment, and others. On the other hand, the reserve funds rate as at March 31, 2021 was around 60%. Its issue is to accumulate funds for the large-scale development project on the Kanda-Hitotsubashi Campus.

Shigenobu Tonomura, Masaki Abe



Rating

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<Affirmation>

Long-term Issuer Rating: A+ Outlook: Stable

Rating Assignment Date: February 9, 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 "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/>).

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