

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 "women's self-reliance and self-support," it follows the motto of "honesty, diligence and friendship." 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 comprises four faculties of Home Economics, Arts and Letters, International Studies and Nursing and offers wide-ranging specialist courses, including natural science. It is scheduled to open the Faculty of Business (tentative name) in 2020 on its Kanda-Hitotsubashi Campus, which is favorably located in Tokyo's Chiyoda Ward.
- (2) It receives a steady number of applications for enrollment in the University and retains a good ability to recruit students. It also manages expenditures appropriately and will likely maintain a certain level of cash flows for a while. While the Second Kyoritsu Girls' Junior & Senior High School in Hachioji City needs to be closely watched as its students keep decreasing, an increase in the University's student quota with the opening of the new faculty mentioned above will probably contribute to stabilizing revenues and expenditures in the medium to long run. Financial standing is sound, as indicated by the net debt free position. Based on the above, JCR affirmed the rating on Kyoritsu with Stable outlook.
- (3) Applications and the actual number of applicants for enrollment in the University have been increasing thanks to the introduction of a uniform entrance examination for all faculties and other successful measures amid growing tendency among prospective students to take a surefire way as student quotas have been reduced at rival universities. Under the leadership of new president who took office in 2018, the University is speeding up consensus building and implementation of measures by reorganizing committees, for instance. Attention will be paid to whether it can enhance competitiveness with the launch of the new faculty and also through the revitalization and internationalization of existing faculties. The Second Kyoritsu Girls' Junior & Senior High School, on the other hand, has been so far unsuccessful in its long-standing, focused efforts to secure students due to the declining population of children and competition with other schools.
- (4) Under the second medium-term plan from FY2018, Kyoritsu has been working to secure revenues and cut back on expenses by strengthening budget control by setting financial targets, such as raising the recurring revenue and expenditure balance ratio. For the renewal/upgrading of facilities and equipment including information instruments, it takes a systematic approach by setting aside a certain amount and deciding on priorities. Even though the actual profit margin is small, financial management is firm and stable. That said, the reserve funds rate as at March 31, 2018 stayed in the 50% range. Kyoritsu thus needs to build up funds more rapidly to prepare for the maintenance and upgrading of school buildings as they are becoming old.

Shigenobu Tonomura, Yosuke Sato

Rating

Issuer: Kyoritsu Women's Educational Institution

<Affirmation>

Long-term Issuer Rating: A+ Outlook: Stable

Rating Assignment Date: February 6, 2019

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/>).



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