

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

Kokushikan (security code: -)

<Affirmation>

Long-term Issuer Rating: AA-

Outlook: Stable

Rationale

- (1) Kokushikan is an incorporated educational institution with its origin in the Kokushikan private academy founded by Tokujiro Shibata in 1917. Having Kokushikan University (the “University”) at its core, Kokushikan has a total of approximately 14,000 students, including those of the affiliated junior and senior high schools. It sets the education philosophy to nourish sincerity, industriousness, insight and spiritual strength by ceaselessly pursuing the three principles of “reading, experience and reflection.” The University has Setagaya Campus with five faculties: Faculty of Political Science and Economics, School of Science and Engineering, Faculty of Law, Faculty of Letters, and Faculty of Business; Tama Campus with Faculty of Physical Education; and Machida Campus centering on School of Asia 21. It ranks among the top private universities in terms of producing civil servants such as police officers and firefighters, and there are also many sports activities.
- (2) The University’s strong ability to attract students is maintained, backed by a good employment record. There will be no problems in securing stable enrollment, and revenue from school fees is expected to remain strong. Expenditures are being managed appropriately, and in particular, personnel expenses are expected to gradually decrease in line with changes in the age structure of the teaching staff. JCR believes that Kokushikan will be able to secure a certain level of total business profit before depreciation and amortization for the time being. Although the redevelopment of the Setagaya Campus will be fully underway, it will be able to maintain its financial soundness as it has the capacity to cover its immediate operating expenses. Based on the above, JCR has affirmed the rating with Stable outlook.
- (3) The environment for recruiting students is difficult due to the declining population of 18-year-olds in Japan and the tendency of students to take entrance examinations within the year. Against this backdrop, the number of applicants for the 2024 entrance examination for the University increased slightly to approximately 14,000. The student recruitment through comprehensive selection and admission by recommendation was strong, and the University was able to attract students who have high aspirations to study at the University. Currently, the corporation and the faculty are working together to focus on improving the quality of education. In addition to starting a new common education program, several faculties are considering curriculum revision. JCR will pay attention to whether these faculty reforms will enable the University to maintain its competitiveness.
- (4) The redevelopment of the Setagaya Campus is scheduled to go into full swing in the future, and a burden of large amount of project costs is expected. In response to this burden, Kokushikan has approximately 40 billion yen in investment assets as of the end of the fiscal year ended March 2023, and it is expected to be able to secure a certain level of total business profit before depreciation and amortization. In addition, since the campus redevelopment is expected to be a long-term and step-by-step project, and the expenditure of funds is expected to be diversified, the University will be able to cover its immediate operating expenses with its own funds. However, it is an ongoing issue to accumulate funds for the maintenance and renewal of basic property through efficient budget allocation.

Yosuke Sato, Masaki Abe

Rating

Issuer: Kokushikan

<Affirmation>

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Outlook: Stable



Rating Assignment Date: April 19, 2024

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" (February 1, 2024) and "Incorporated Educational Institutions" (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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