

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

Kanagawa University (security code: -)

<Affirmation>

Long-term Issuer Rating: AA
Outlook: Stable

Rationale

- (1) Kanagawa University (the "Institution") is an incorporated educational institution, which was founded in 1928 in accordance with the following founding principles: "simple and sturdy," "forward-thinking" and "balanced and steady." The total number of students including its affiliated junior and senior high (integrated) schools is approximately 20,000. In recent years, the University, which are at the core of the Institution, has been dynamically restructuring educational organizations and campuses. In 2021, it established its Minato Mirai Campus in Yokohama City to consolidate global-oriented faculties. Beginning with establishment of the Faculty of Architecture in April 2022, realignment/reorganization of the educational organizations are planned going forward. Following the relocation of the Faculty of Science to Yokohama Campus in 2023, all faculties are to be located in the campuses in Yokohama City.
- (2) With a certain level of ability to acquire students maintained, the Institute is expected to continue to obtain stable tuition and fee payments. Fixed costs will increase with the opening of the Minato Mirai Campus, but JCR sees that the budget management will be properly implemented and the sound earnings structure will be kept. The financial position is also favorable. Although assets under management are on a downward trend owing to expenditures associated with the development/reorganization of the campuses, the amount of expenditures is managed under the medium-to long-term financial plan and the financial discipline has not loosened. Based on the above, JCR has affirmed the rating with Stable outlook.
- (3) As shown by the number of applicants for university entrance exams for the academic year ending March 2023 (academic year 2022) recovered from the decline in the previous academic year, there is no problem in its stable securing of students. In April 2023, the University set up a policy to establish the Department of Chemistry and Life and the Department of Information Technology (establishment of the two is still envisaged), finally having paved the way for the reorganization of science and engineering faculties, which had been an issue to address for a long time. It is also eyeing further realignment/reorganization of educational organizations. JCR believes that the University's responses to the accelerated decline in the 18-year-old population and changes in the social environment have progressed. JCR will pay attention to whether the University will be able to keep the momentum of reforms and thereby continue to enhance competitiveness under the new president, who is slated to assume his position in April 2022.
- (4) In academic year 2020, the Institute posted a loss in the revenue/expenditure balance before transfer to the capital funds for this academic year, and expects to have another loss for academic year 2021. However, these are temporary losses due to the construction and launch of the Minato Mirai Campus, and there seems to be no change in the substantial earnings structure. On the financial front, the reserve ratio is on a downward trend because of campus development, but the amount of expenditures is managed within the total budget for the period of the medium-to long-term financial plan through academic year 2028. Its financial risk is appropriately controlled by changing the contents and schedule of facilities development as necessary.

Shigenobu Tonomura, Yosuke Sato

Rating

Issuer: Kanagawa University

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable



Rating Assignment Date: February 24, 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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