

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

Kyushu University (security code: -)

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

Rationale

- (1) Kyushu University (the “University”) is one of Japan’s leading universities. In addition to Natural Science and Humanities and Social Sciences, it has diverse academic disciplines including Design. The University has a strong ability to recruit students both domestically and internationally, and its faculty’s research ability ranks among the top in Japan. In November 2021, the University was selected as a Designated National University Corporation, and at the same time, it published Kyushu University VISION 2030, which indicates the University’s future direction. Aiming to be “a university that drives social change with integrative knowledge,” the University is working on the integrated promotion from research strategy to social implementation with two driving forces, the Future Society Design Headquarters and the Data-Driven Innovation Promotion Headquarters.
- (2) Stability of the national university corporation system remains unchanged. However, the University’s business environment is tough because prices and wages are in an uptrend while it is difficult to expect an increase in operation expense subsidies. Under such circumstances, the University has been maintaining stability of the business operation through securing financial resources for the operation and effective allocation of the funds. As the initiatives based on the vision are making progress, rising education/research standards and expansion of financial resources for the operation can be expected into the future. On the other hand, procedures to sell the vacant land of Hakozaki Campus is in progress; therefore, interest-bearing debt is expected to decrease going forward. JCR evaluates the rating on a national university corporation in a comprehensive manner reflecting the effect of credit enhancement by the national government and others, in addition to individual conditions. Based on the above, JCR has affirmed the rating on the University with a Stable outlook.
- (3) The University’s ability to obtain external funding is high in Japan, and the track records have been stable. On the other hand, there is room for further increasing the external funding ratio compared to other Designated National University Corporations. Co-creation both inside and outside the University is in progress mainly in the three characteristic areas of “Decarbonization,” “Medicine and Health” and “Environment and Food”; therefore, vitalization of education/research, and expansion of the ability to obtain funding can be expected. The University is also working to satisfy the requirements of the Universities for International Research Excellence Program such as setting up an operating policy committee and preparing a fund management system.
- (4) In relation to integration and relocation to Ito Campus, the University has a large amount of interest-bearing debt. As a source of repayment, sales proceeds of the vacant land of Hakozaki Campus and others are scheduled to be allocated. As for the lots for public bidding in Hokozaki area, parties with preferred negotiating rights for use of land were decided in April 2024. Properties are scheduled to be handed over in sequence in the academic year 2025 and onward. In line with the timing of selling the land, the University applied for approval for changing the redemption plan. JCR will continue to monitor the progress of the land sales and the status of fulfillment of the redemption plan.
- (5) There are no major concerns over the management of the affiliated hospitals (the “Hospitals”). However, the earning environment is becoming increasingly severe due to higher prices and reforms of the way doctors work. Expenditures, including medical expenses, are increasing, and the Hospitals are not in a position to enjoy surpluses considering the burden of repayment of the debt equivalent to the hospital redevelopment. JCR will pay attention to whether the Hospitals will be able to improve revenue and expenditure by taking advantage of the high position in the medical area, ability to respond to changes in environment, and obtaining public financial support. In addition to improvements in clinical indicators at the main hospital, there is room for increasing revenue due to the effects of opening of the new Beppu Hospital. The positive outcome of the cost-cutting efforts, such as optimizing material costs, can also be expected.

Shigenobu Tonomura, Masaki Abe



Rating

Issuer: Kyushu University

<Affirmation>

Long-term Issuer Rating: AAA Outlook: Stable

Rating Assignment Date: March 14, 2025

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 "National University Corporations" (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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