

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 the entire institution, "Independence and self-support of women," it follows the motto of "honesty, diligence and friendship." It also adopts "Kyoritsu Leadership" as its slogan for the entire institution. 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 8,500 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 by reorganizing the Faculty of Home Economics in April 2023.
- (2) At the University, the core of revenue, there is no problem for securing a stable number of new students. Revenue is expected to increase until the academic year ending March 2024 (academic year 2023) with the grade progression of the Faculty of Business. Thanks to steady control, budget will likely be appropriately allocated for education/research expenditures. While attention should be paid to trends in the Second Kyoritsu Girls' Junior & Senior High School (Hachioji City) and the junior college, significant changes in cash flow levels and their stability are unlikely. In addition, there is little concern that financial risk will increase because the facility development plan which entails large capital spending will not materialize for the foreseeable future. Based on the above, JCR has affirmed the rating on Kyoritsu with Stable outlook.
- (3) The environment for attracting students for girls' schools is becoming increasingly severe, and it is important to carry out consensus-building and measures at a faster pace than environmental changes. The Third Medium-Term Plan, which will start in April 2023, clarified the policy of increasing the brand value by focusing on education/research activities centered on leadership. It is noteworthy whether Kyoritsu can enhance its competitiveness by grasping the needs of high school students and society, and thereby developing an educational organization united with the junior college, where it is difficult to ensure students. On the other hand, the number of students at Second Kyoritsu Girls' Junior & Senior High School is on an increasing trend. Although the number has not met the quota, past measures are gradually bringing results.
- (4) With the grade progression of the Faculty of Business and a reactionary increase from the containment of the number of student enrolling in relation to opening the said faculty, the number of students will increase, which will likely improve the margin in revenue and expenditures. JCR believes that Kyoritsu can maintain the stable revenue/expenditure balance before transfer to capital fund, while expanding the budget for educational/research activities. Its financial soundness will unlikely be impaired as its cash flow-based budget management is prudent. On the other hand, redevelopment of the Kanda-Hitotsubashi Campus is coming into view. Although it has assets under management of around 20 billion yen, a sizable scale of investments are assumed, and accumulation of funds will be an ongoing issue.

Shigenobu Tonomura, Masaki Abe



Rating

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Rating Assignment Date: February 9, 2023

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 Institution" (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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