

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

Fukuoka Kogyo Daigaku Corporation (security code: -)

<Affirmation>

Long-term Issuer Rating: AA-

Outlook: Stable

Rationale

- (1) Fukuoka Kogyo Daigaku Corporation (the "Corporation") is an incorporated educational institution founded in 1954, with a campus for Fukuoka Institute of Technology ("FIT") in Higashi-ku, Fukuoka City, Fukuoka Prefecture. FIT's premises conveniently have a direct connection to Fukkodai-mae Station on the JR Kagoshima Main Line, where rapid trains make a stop. FIT, the core of the Corporation, consists of three faculties and nine departments, and is one of the leading private universities in the Kyushu region. In April 2024, the Department of System Management in the Faculty of Information Engineering will be reorganized to establish the Department of Information Management. The total number of students is approximately 6,700 including its junior college and high school. Under the management concept of "For all the students!," its medium-term management plan formulated through cooperation between teachers and education staff is highly evaluated by the circles of higher education.
- (2) Although the market environment is becoming increasingly severe due to the declining birthrate, FIT keeps the total numbers of both applications and actual applicants of enrollment at high levels, maintaining the highest application ratio in the region. Thus its ability to attract students is strong. As for the junior college and high school, there are no major concerns over securing students for enrollment. Stability of school payments, which form the foundation, is high, and revenue is expected to grow for the foreseeable future due to an increase in student capacity in relation to reorganization of departments and others. JCR judged that the Corporation will be able to continue sound financial management going forward through maintaining the balance among maintenance and upgrade of existing facilities/equipment, aggressive investments in education / research and fund accumulation for the future on the back of strong budget control. Based on the above, JCR has affirmed the rating on the Corporation with Stable outlook.
- (3) Recognizing "sophistication of learner-oriented education" as the most important issue under the ninth medium-term management plan, the Corporation is working on the initiatives. Its PDCA cycle is highly effective, and it is renowned for making quick management decisions. Due partly to introduction of vice president system in conjunction with the appointment of the new president in April 2023, driving force for academic reforms may be bolstered further. The Corporation's academic fields match the recent needs of human resource in the industrial fields and the government's direction for university reforms. Thereby, making use of such advantages is important. While the Corporation's ability to attract students remains at a high and stable level, it has implemented strategies to attract students focusing on qualitative improvements eyeing on the declining birthrate. JCR will pay attention to whether the Corporation raise the position in the region through continuing to increase the level of difficulty in entrance exams and others.
- (4) There are no changes in its policy of setting the balance in revenue/expenditure on business activities at a low level in advance to make maximum returns to students in the form of education, support, etc. Going forward, growth in revenue can be expected through increasing student capacity in relation to reorganization of departments and others. While securing a certain balance in ordinary revenue / expenditure before depreciation, the Corporation intends to expand investment budget for education and research using the amount increased in earnings as the source. JCR assumes it will be able to cover the capital expenditure for the time being by cash flow generated in the accounting period without having any large-scale investment plan for facilities and equipment presently. Funds are expected to be accumulated to respond to the future environmental changes.

Shigenobu Tonomura, Masaki Abe



Rating

Issuer: Fukuoka Kogyo Daigaku Corporation

<Affirmation>

Long-term Issuer Rating: AA- Outlook: Stable

Rating Assignment Date: January 9, 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" (November 7, 2014) and "Incorporated Educational Institution" (Aug. 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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