

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

Toyo University Incorporated Educational Institution (security code: -)

<Affirmation>

Long-term Issuer Rating: AA
Outlook: Stable

Rationale

- (1) Toyo University Incorporated Educational Institution (the "Institution") operates one university, three senior high schools, three junior high schools and one kindergarten. The core Toyo University (the "University") has 13 faculties with 45 departments on its four campuses located in Bunkyo and Kita Wards of Tokyo Prefecture, Kawagoe City in Saitama Prefecture and Itakura Town in Gunma Prefecture with a total student number of more than 30,000. The University continues to work on reorganization of faculties and departments. In April 2023, it will transform the Faculty of Human Life Design, and others, into the Faculty of Design for Welfare Society, and the Faculty of Health and Sports Sciences. In 2024, it will transfer two faculties, etc. located at Itakura Campus to Asaka Campus, and terminate the use of Itakura Campus.
- (2) As the domestic 18-year-old population goes into a decline, the competition for acquiring students is becoming more intense. However, against the backdrop of the development of quick measures, the University maintains strong ability to acquire students, and will likely be able to keep ensuring a relatively affluent earnings position as a university corporation. Expenditures associated with the development of Akabanedai Campus and Asaka Campus are continuing, but given its cash flow generation capacity and the forecasts for the timing of the expenditures, it will likely be able to maintain the solid financial base. Based on the above, JCR has affirmed the rating with Stable outlook.
- (3) The reorganization of campuses and educational organizations and efforts for internationalization have been supported by students taking exams, and the number of actual university applicants is among the top in the domestic universities. The University is focusing on acquiring students with top-level academic ability through general entrance exams, by taking initiatives such as expanding various entrance exams including five/four-subject ones, English-focused one and mathematics-required one. The end of use of Itakura Campus and the promotion of utilization of other campuses with better access seem to strengthen the student acquisition ability and revitalize researches. In 2022, it started the reorganization/development of Kawagoe Campus and the examination of the future image of education /research, steadily advancing responses to the environmental changes.
- (4) There is room to diversify and strengthen revenue sources including external funds and donations. However, there is a high degree of stability in terms of income, centered on academic payments. While it is necessary to pay attention to rising costs, such as utility expenses, the management of personnel expenses and education/research expenses is accurate, and thereby a sound earnings structure will likely be maintained going forward. Financials are also favorable. Against the backdrop of its strong cash flow generation capacity, the Institution is actively developing facilities and equipment, while maintaining a certain extent of assets under management. However, as the fund rate is only in the 70% range, accumulation of funds for the maintenance/renewal of fundamental assets are considered to be a medium-to long-term issue.

Shigenobu Tonomura, Yosuke Sato

Rating

Issuer: Toyo University Incorporated Educational Institution

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable

Rating Assignment Date: February 3, 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 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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