

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 14 faculties with 49 departments on its four campuses located in Bunkyo and Kita wards of Tokyo and Asaka and Kawagoe cities of Saitama Prefecture with over 30,000 students in total. It is constantly working on the reorganization of faculties and departments. As part of this, it restructured the Faculty of Human Life Design and others and set up the Faculty of Design for Welfare Society and the Faculty of Health and Sports Sciences in 2023; and completed the transfer of two faculties, etc. from Itakura Campus to Asaka Campus in 2024, thereby terminating the use of Itakura Campus.
- (2) The University wins the support of prospective students for its fast-paced reorganization of campuses, faculties and departments, internationalization efforts and so forth. It maintains high abilities to recruit students even in the face of intensifying competition among universities. JCR assumes that the University will continue to secure a certain level of revenues, mainly from tuition fees. Budgets are also being managed properly. Looking ahead, expenditures in connection with the redevelopment of Kawagoe Campus are expected to arise, but, given the timing of such spending and prospects for cash flows from educational activities, the University will likely be able to maintain the solid financial base. Based on the above, JCR affirmed the rating on the Institution with Stable outlook.
- (3) The University probably ranks among the top in Japan in terms of the actual number of applicants. It is committed to recruiting academically competent students by expanding multi-subject entrance examinations and mathematics-required entrance examinations. For similar purposes, it introduced a basic academic ability test-type school recommendation entrance examination for the academic year ending March 2026 (AY2025) to enable applicants to submit applications for more than one faculty/department. Meanwhile, it is striving to enrich the content of education by, for instance, making extracurricular English conversation programs free of charge in 2024 and reviewing university-wide general education courses to start offering comprehensive knowledge education in 2025, which allows students to take a variety of classes offered at different campuses. Moreover, it is slated to set up the Faculty of Environmental Innovation on Kawagoe Campus in AY2027. JCR will watch whether the University can further activate education and research to increase its abilities to recruit students through these initiatives.
- (4) There still is room for diversifying and enhancing income sources including donations, but in any event revenues are highly stable. Looking ahead, revenue growth with an increase in admission capacities and the revision of tuition fees can also be expected. Despite the impact of rising prices and other factors, personnel and education/research expenses are being managed appropriately, and thus JCR assumes that a sound revenue and expenditure structure will be maintained. On the financial front, now that the redevelopment of Asaka Campus has been completed, the University will not require a large amount of funds at one time for a while. JCR considers that the medium- to long-term challenge is to accumulate funds for the renewal of Hakusan Campus while pressing ahead with the redevelopment of Kawagoe Campus.

Shigenobu Tonomura, Yosuke Sato

Rating

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Rating Assignment Date: January 10, 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 "JCR's Rating Methodology" (October 1, 2024) 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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