

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

Kanagawa University (security code: -)

<Affirmation>

Long-term Issuer Rating: AA
Outlook: Stable

Rationale

- (1) Kanagawa University (the "Institution") is an incorporated educational institution, which was founded in 1928 in accordance with the following founding principles: "simple and sturdy," "forward-thinking" and "balanced and steady". The total number of students including the affiliated junior and senior high (integrated) schools is approximately 20,000. Kanagawa University (the "University"), the core of the Institution, has 11 faculties in 2 campuses in Yokohama City. The University opened Minato Mirai Campus in Yokohama City in 2021 and newly established the Faculty of Architecture in Yokohama Campus the following year. In 2023, all the faculties related to the Science and Engineering were concentrated in Yokohama Campus, and it newly established the Faculty of Chemistry and Biochemistry and the Faculty of Informatics at the same time through reorganizing the Faculties of Science and Engineering. It is pushing forward the restructuring of the educational organization and campuses as shown that it is scheduled to open Department of Economic Data Analysis in the Faculty of Economics in 2026.
- (2) There is little concern over acquiring students for the foreseeable future even under the situation where competitions among universities to acquire students is increasingly intensified. JCR assumes the Institution will be able to continue to secure a certain level of income, mainly school fee payments. A temporal increase in expenses along with the restructuring campuses has been eliminated, and it will be able to maintain a stable income and expenditure structure under the proper budget control. Furthermore, financial foundation is stable. Financial discipline is maintained as indicated that expenditures related to facility development and others are strictly controlled based on the medium-to long-term financial plan through 2028. Based on the above, JCR has affirmed the rating on the Institution with a Stable outlook.
- (3) The University maintains a certain ability to acquire students. The Institution has become more easily to appeal its education content and characteristics to high school students by establishing new faculties and departments through reorganizing the Faculties of Science and Engineering in addition to concentration of the educational organization in the accessible campus in Yokohama City. Presently, preparation of a system to visualize the outcome of learning and disclose it to students, and discussions toward fulfillment of education and research system in graduate schools related to science and engineering are making steady progress. A new president will take office and a new board of directors will be established in relation to revisions to the Private Schools Act at the same time. JCR will watch whether the momentum for reforms can be sustained under the new structure while monitoring the status of considering the long-term measures eyeing the 100th founding anniversary of the Institution taking place in 2028 and beyond.
- (4) In recent years, personnel and depreciation expenses have increased, and the effects of rising prices have also been arising. However, these have been largely offset by the effect of increased revenue resulting from tuition fee revisions and other measures. However, while construction costs and other costs associated with facilities are expected to remain high, it will be important to accelerate the pace of fund accumulation by diversifying and strengthening income streams such as donations and more efficient spending of funds. Currently, negotiations of sale of the Shonan Hiratsuka Campus are underway, and there may be a gain or loss in proceeds of the asset disposal; however, the impact on the financial foundation is considered to be limited.

Shigenobu Tonomura, Yosuke Sato

Rating

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<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable



Rating Assignment Date: March 6, 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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