

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 Information Management was established in the Faculty of Information Engineering in April 2024 (reorganizing the existing department). 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) The number of applications and actual applications for enrollment of the university have been steady. While the application trends of applicants are continuing to change, comprehensive assessment and school recommendation types are well, and the general application ratio remains high. Thus the ability to attract students is strong. As for the high school, there are no major concerns over securing students for enrollment. Stability of school fee payments, which form the foundation, is high, and revenue is expected to grow for the foreseeable future due to revisions to the school fees and others. Underpinned by the strong budget control, JCR believes the Corporation will be able to continue sound financial management into the future through maintaining the balance among maintenance and upgrade of existing facilities / equipment, aggressive investments in education / research and fund accumulation for the future. Based on the above, JCR has affirmed the rating on the Corporation with a Stable outlook.
- (3) Effectiveness of the PDCA cycle of the Corporation is high and it is renowned for making quick management decisions. After the introduction of the vice president system in 2023, its force to pursue the reforms toward "sophistication of learner-oriented education" appears to be rising. Progress in various initiatives can be recognized such as reviewing the university-wide diploma policy, developing human resources for the semiconductor industry and integrated education of under and post graduate studies. As for the future, the Corporation is considering to implement reorganization and restructuring of the faculty and department responding to needs of society, and also reforms of the junior college, facing a severe environment to attract applicants. Considering the declining birthrate, further improvement of the positioning is the Corporation's issue to address. Therefore, JCR will be paying attention to the outcome of a series of measures.
- (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, while growth in revenue can be expected through revising school fees and others, the Corporation intends to allocate funds more on sophistication of education and research activities. At this moment, there are no large scale facilities and equipment plans, and capital expenditure for the foreseeable future will appear to be covered by the periodic cash flow. Funds are expected to be accumulated in preparation for 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 14, 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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