

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

National University Corporation Osaka University (security code: -)

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

Rationale

- (1) National University Corporation Osaka University ("OU") was established in 1931, inheriting the civic spirits of Kaitokudo and Tekijuku. OU merged with Osaka University of Foreign Studies in 2007. The main campuses are located in Suita, Toyonaka and Minoh Cities in Osaka Prefecture. As a designated national university, it leads Japan's higher education and research. It has a world-class research bases for immunology, quantum information and quantum life, and also focuses on the Integrated Frontier Research for Medical Science and the Symbiotic Intelligent Systems field. OU has a strong ability to attract students for undergraduate and graduate schools and produce human resources for the society. OU is also one of the top university in Japan in terms of the ability to obtain external funds. Under the motto of "Live Locally, Grow Globally," OU has traditionally been strongly connected to the society. It also set forth a vision "Creating a society in which people can find purpose in life through co-creation with society" as the way that the university should be going forward.
- (2) There is no change in the continuity and stability of the national university corporation system. However, the business environment is severe due to increasing competition in receiving financial measures from the government. In such a circumstance, OU is improving the level of education and research by implementing strategic management utilizing abundant academic resources, and thereby strengthening the ability to acquire its own source of revenue. OU will likely be able to continue seizing numerous business opportunities and achieving both income stability and growth potential. The interest-bearing debt is expected to increase as the hospital redevelopment project goes into full swing, but the increase will not heighten the financial risk. JCR rates national university corporations in a comprehensive manner by incorporating credit enhancement provided by the government, etc. into their ratings, in addition to their individual conditions as a single corporation. Based on the above, JCR has affirmed the rating on OU with Stable outlook. JCR will follow up on the status of deregulation and consideration of financial support for world-class research universities.
- (3) OU has established its own Provost and Strategy Council to build a system for optimal decision-making. Educational and research activities are being revitalized through the dissemination of a university-wide vision and the strategic allocation of resources. In terms of funding, OU maintains the position as one of the best in Japan in obtaining competitive funds from the Ministry of Education, Culture, Sports, Science and Technology, etc., and joint research funds with companies and other organizations. OU has many research organizations and research bases working with the private sector within the campus, and there are many large-scale cooperation in the joint researches. Its revenue growth rate is high, and most recently, it announced its long-term, large subsidy plan in the project for countermeasures against infectious diseases. Research cycles are being built through creation of outstanding research results and their social return. In addition, progress has been made in expanding acceptance of funds, and the ability to acquire external funds would be strengthened.
- (4) OU has a hospital affiliated with the school of medicine and the one affiliated with the school of dentistry. The school of medicine affiliated hospital, which has a large influence on OU's overall revenues, plays an important role, as a core hospital for clinical research, advanced treatment hospital, and also as an institution for training doctors. Although the end of the COVID-19 pandemic has yet to be seen, ensuring of the subsidy and improvement of the hospital function index are expected by attempting the balance between infectious disease treatment and advanced medical treatment, and thereby, stable earnings will likely be ensured. Currently, as the first phase of the redevelopment plan, development of an integrated medical care building is under way. Although the scale of investment is large, enhancement of its functions and revenue increase are expected, and debt redemption expense would be leveled out.

Shigenobu Tonomura, Masaki Abe



Rating

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Rating Assignment Date: January 18, 2022

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 "FILP Agencies, etc." (May 29, 2020) and "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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