

<< Objectives of this material >>

- 1) To provide information on our financial report to people within and without the university in an easy-to-understand manner in order to fulfill our obligation of accountability.
 - 2) To make use of the data to maintain financial soundness and efficiency toward the betterment of the university operation in the future
- *This summary only contains the major items from the report.

I Financial Information

1 Multi-year Trends of Ordinary Income (Profit and Loss Statement)

【Ordinary Expenses】 Unit:million yen

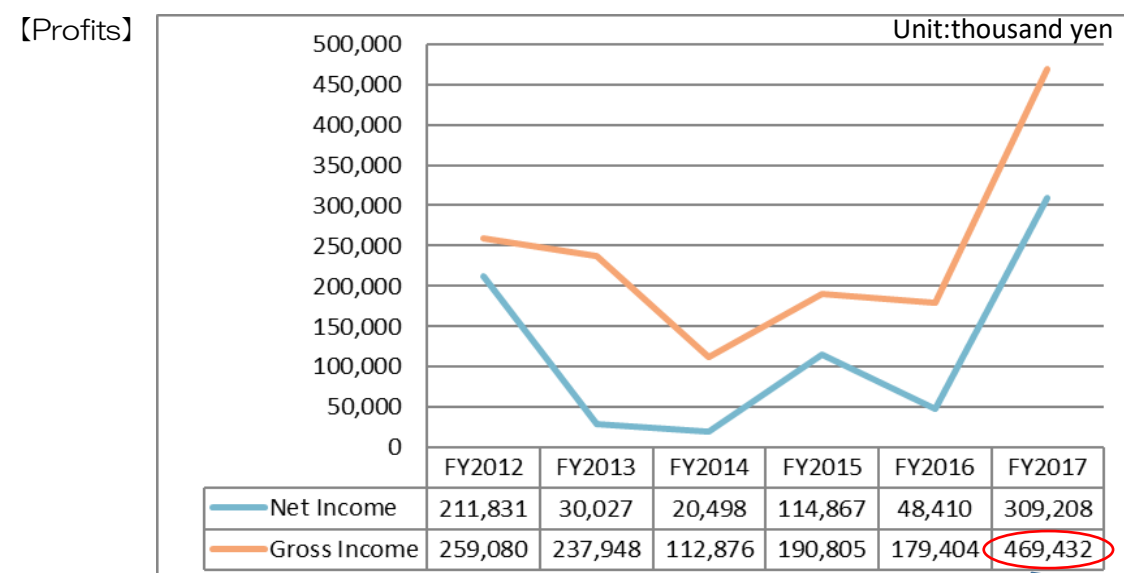
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Educational Expenses	304	314	319	301	352	352
Research Expenses	345	790	632	655	561	596
Education and Research Assistance Expenses	813	855	844	1,002	896	865
External Funding	69	84	74	56	64	79
Personnel Expenses	2,217	2,234	2,326	2,284	2,365	2,375
General Management Expenses	418	462	454	413	591	838
Others	24	26	20	14	14	12
Total	4,189	4,766	4,670	4,726	4,845	5,117

Compared with FY2012: Ordinary expenses increased by one billion yen. General management expenses increased 2.01 times and research expenses increased 1.73 times.

【Ordinary Income】 Unit:million yen

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Operational Subsidies	3,057	3,119	3,182	3,077	3,153	3,435
Various payments by students	955	944	932	933	939	953
External Funding	91	108	98	85	92	115
Reversal of asset offsetting liabilities	83	93	102	182	197	200
Grants, etc.	143	444	292	487	420	434
Others	72	91	85	76	91	85
Total	4,402	4,798	4,691	4,841	4,892	5,222

Compared with FY2012: Ordinary profit increased by approximately 0.8 billion yen. Income including grants increased 3.04 times.



The total amount of operational subsidies including the carry-over and the amount granted for the year was registered as nonrecurring profits of FY2017, as this is the last FY of the 2nd Medium-term Goal Period.

2 Multi-year Trends of the Reserved Amount and Balance of the Reserve Funds for Specific Purposes

Unit:million yen

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Reserve Funds for Specific Purposes	257	238	112	191	179	469
Reversal of Reserve Funds for Specific Purposes	48	258	100	293	131	160
Balance of Reserve Funds for Specific Purposes	1,182	1,162	1,174	1,072	1,120	1,429

The balance at the end of FY2017 was 1.429 billion yen.

3 Multi-year Trends of Deterioration Rate of Buildings, Etc. (Buildings and Ancillary Facilities)

【Buildings】 Unit:million yen

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Acquisition Cost	8,646	8,934	9,282	9,701	9,701	9,701
Depreciation Expense	1,831	2,103	2,386	2,677	2,972	3,266
Deterioration Rate	21.2%	23.5%	25.7%	27.6%	30.6%	33.7%

【Ancillary Facilities】 Unit:million yen

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Acquisition Cost	4,673	4,676	4,688	5,214	5,214	5,214
Depreciation Expense	4,157	4,212	4,269	4,356	4,457	4,555
Deterioration Rate	89.0%	90.1%	91.1%	83.5%	85.5%	87.4%

Planned renewal of ancillary Facilities (Deterioration rate: 87.4%) is particularly necessary.

4 Multi-year Trends of Operational Subsidies

Unit:thousand yen

	FY2006	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Subsidy A1 (General expenses for management)	1,309,589	990,173	979,283	1,043,295	1,045,213	1,030,342	1,000,381
Subsidy A2 (Personnel expenses and special factor expenses)	1,988,113	2,235,473	2,016,654	2,168,859	2,040,916	2,124,297	2,099,378
Subsidy C (Facility and equipment maintenance expenses)	49,582	52,097	74,565	82,171	114,341	136,888	144,903
Total	3,347,284	3,277,743	3,070,502	3,294,325	3,200,470	3,291,527	3,244,662

The facility maintenance expenses have constantly increased.

II Financial Analysis

Multi-year Trends of key financial indicators

Financial Indicators(*1)	Formula	UoA						FUH	TPU	IPU	AIU	FU
		2012	2013	2014	2015	2016	2017	2016	2016	2016	2016	2016
Financial Soundness: Whether the corporation's financial structure has been strong enough to conduct stable and continuous educational and research activities												
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liability}}$	200.87%	150.88%	134.07%	155.14%	124.95%	264.97%	97.69%	108.30%	361.08%	170.38%	105.26%
Capital Adequacy Ratio	$\frac{\text{Net Assets}}{\text{Liabilities+Net Assets}}$	80.90%	77.90%	78.72%	75.68%	76.96%	78.56%	81.05%	73.98%	90.26%	81.02%	78.42%
Operational Subsidy Ratio	$\frac{\text{Income from Operational Subsidies}}{\text{Ordinary Income}}$	69.44%	65.00%	67.84%	63.56%	64.44%	65.78%	61.37%	49.91%	67.29%	45.50%	46.71%
Financial Efficiency: Whether the corporation has efficiently managed resources to conduct educational and research activities												
Personnel Expenses Ratio(*2)	$\frac{\text{Personnel Expenses}}{\text{Operational Expenses}}$	59.17%	52.23%	55.43%	53.14%	55.80%	55.67%	50.01%	51.74%	67.21%	74.45%	66.60%
General Management Expenses Ratio(*2)	$\frac{\text{General Management Expenses}}{\text{Operational Expenses}}$	11.15%	10.79%	10.83%	9.61%	13.95%	19.65%	19.47%	5.15%	18.02%	24.40%	4.27%
Potential for Financial Growth: Whether the corporation has increased income and strengthened the financial structure												
Growth Rate of Ordinary Income	$\frac{\text{(FY2017 Ordinary Income - FY2016 Ordinary Income)}}{\text{FY2016 Ordinary Income}}$	-2.12%	8.99%	-2.23%	3.20%	1.05%	6.74%	-4.30%	9.51%	-1.61%	1.28%	-4.32%
External Funding Ratio	$\frac{\text{External Funding(*3)}}{\text{Ordinary Income}}$	2.07%	2.25%	2.09%	1.76%	1.89%	2.20%	5.74%	10.35%	1.93%	1.18%	6.64%
Activities: Whether the corporation secures sufficient resources to conduct educational and research activities and maximizes them for the purpose												
Educational Expenses Percentage(*2)	$\frac{\text{Educational Expenses}}{\text{Operational Expenses}}$	8.10%	7.34%	7.61%	7.00%	8.29%	8.26%	12.72%	9.46%	17.86%	18.36%	14.23%
Research Expenses Percentage(*2)	$\frac{\text{Research Expenses}}{\text{Operational Expenses}}$	9.20%	18.47%	15.06%	15.24%	13.24%	13.97%	10.11%	21.65%	9.65%	2.93%	12.45%
Education and Research Assistance Expenses Percentage(*2)	$\frac{\text{Education and Research Assistance Expense}}{\text{Operational Expenses}}$	21.69%	20.00%	20.11%	23.31%	21.15%	20.27%	21.51%	4.85%	3.65%	3.66%	1.89%
Profitability: Whether the corporation has secure income by making management efforts												
Ordinary Profits Percentage	$\frac{\text{Ordinary Profit}}{\text{Ordinary Income}}$	4.85%	0.66%	0.44%	2.39%	0.97%	2.02%	0.90%	2.85%	-5.37%	4.64%	1.54%

- (* 1) Though high values of indicators generally show good situation, the lower is the better in the values of "Personnel Expenses Ratio" and "General Management Expenses Ratio."
 (* 2) There is a reciprocal relationship between the indices.
 (* 3) Income from Commissioned Research, Collaborative Research, Commissioned Projects, Donations, Etc.

[Reasons for selecting universities for the comparison]
 Future University Hakodate (FUH), Toyama Prefectural University (TPU), Akita International University (AIU), Iwate Prefectural University (IPU) and Fukushima University (FU)

FUH and TPU: They are science universities in the same scale as the UoA.
 AIU: It is a public university selected for the SGU program in the Tohoku area.
 IPU: It is a public university with a junior college division in the Tohoku area.
 FU: It is the only national university in Fukushima prefecture.

Financial Soundness

The corporation's current ratio has been far exceeded 100% in the past few years and sufficient short-term solvency has been secured.

The percentage of the operational subsidy ratio has been remained in the 60s, which is a higher level than other universities.

It can be said that the corporation's level of financial soundness is high. On the other hand, many of our financial sources are depending on the prefectural government, which means that our finances are greatly influenced by the prefecture's finances. Despite the fact that the financial structure of a public university corporation has to rely on the prefecture, in order to further strengthen our financial soundness, **it will be important for the corporation to secure stable and diverse financial resources sufficient to absorb changes in the prefectural fiscal policy.**

Financial Efficiency

Despite the fact that there were some factors to increase the personnel expenses ratio including the establishment of the JCD Young Children Education Department, the percentage of the personnel expense ratio has remained in the mid-50s, which is below the level of other universities.

The general management expenses ratio of FY2017 was 19.65%, which is above the level of other universities. Specifically, in recent years, the ratio has increased along with the increase in facility repair work, etc.

We see the situation that **in spite of high efficiency in personnel expenses, efficiency in terms of general management expenses has been declining.** As the general management expenses are purely used for management of the university, securing sufficient financial resource to conduct education and research will require **the corporation to continue compressing the total amount of management expenses by making efforts to reduce various expenses and to maintain facilities more systematically as well.**

Potential for Financial Growth

The ordinary income increase ratio has shown ups and down due to the hike of local consumption tax and implementation of large scale projects. In the medium term, the amount of the ordinary income has drastically increased (by 18.6%) due to the implementation of large scale projects and increase in facility repair work expenses. As such, we can say that **the corporation has expansively secured income and strengthened the financial structure.**

The external funds ratio has been around 2%, which is below the level of other universities. **The corporation is continuously expected to proactively obtain external funding.**

Activities

The ratio of education and research expenses to operational expenses has a little increased compared with FY2012.

The ratio of research expenses to operational expenses has increased by approximately 4.8% due to implementation of projects including the University-Business Innovation Promotion Project and Robot Valley Promotion Project. This trend shows **a high level of activity.**

The ratio of education and research assistance expenses to operational expenses has decreased by approximately 1.4% mainly due to the reduction of computer system lease fees. This is a result of efforts made towards the efficient implementation of the budget. **This ratio seems higher than other universities. This is because our university allocates expenses for computer systems, one of the features of our university, as educational and research assistance expenses.**

Profitability

The ordinary profit ratio of FY2017 is **lower than that in FY2012 by 2.8%**, mainly due to the reversal of the reserved funds for specific purposes in order to allocate for facility maintenance expenses. **However, we have maintained the higher ratio than other universities, something that shows the results of our management efforts.** **We are required to continue making efforts to cut costs through efficient business operation and increase self-generated income.**