

<< 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

I Financial Information

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

[Ordinary Expenses]

Unit: million JPY

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Educational Expenses	301	352	352	354	377	418
Research Expenses	655	561	596	497	457	464
Education and Research Assistance Expenses	1,002	896	865	799	797	783
External Funding	56	64	79	84	116	97
Personnel Expenses	2,284	2,365	2,375	2,399	2,440	2,481
General Management Expenses	413	591	838	454	558	459
Others	14	14	12	22	17	10
<b>Total</b>	<b>4,726</b>	<b>4,845</b>	<b>5,117</b>	<b>4,609</b>	<b>4,762</b>	<b>4,713</b>

Compared with FY2019: Ordinary expenses fell by approximately 48 million JPY. Educational expenses and personnel expenses increased by 41 million JPY each and general management expenses fell by 99 million JPY.

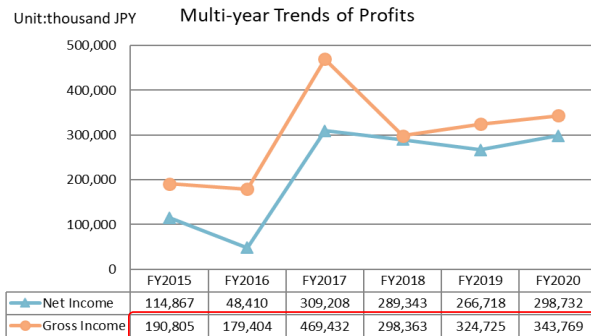
[Ordinary Income]

Unit: million JPY

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Operational Subsidies	3,077	3,153	3,435	3,255	3,321	3,270
Various payments by students	933	939	953	962	963	966
External Funding	85	92	115	126	161	156
Reversal of asset offsetting liabilities	182	197	200	203	199	180
Grants, etc.	487	420	434	271	292	360
Others	76	91	85	90	99	91
<b>Total</b>	<b>4,841</b>	<b>4,892</b>	<b>5,222</b>	<b>4,907</b>	<b>5,035</b>	<b>5,023</b>

Compared with FY2019: Ordinary income fell by approximately 12 million JPY. Operational subsidies fell by 50 million JPY, reversal of asset-offsetting liabilities fell by 20 million JPY, and grants, etc. increased by 68 million JPY.

[Profits]



Gross income in FY2020 was the second highest ever after FY2017, the final year of the second medium-term goal period, when the remaining amount of the operational subsidies was recorded as nonrecurring profit.

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

Unit: million JPY

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Reserve Funds for Specific Purposes	191	179	469	298	325	340
Reversal of Reserve Funds for Specific Purposes	293	131	160	206	154	179
Balance of Reserve Funds for Specific Purposes	1,072	1,120	1,429	1,521	1,692	1,853

The balance at the end of FY2020 was 1.853 billion JPY.

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

[Buildings]

Unit: million JPY

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Acquisition Cost	9,701	9,701	9,701	9,702	9,707	9,718
Depreciation Expense	2,677	2,972	3,266	3,561	3,855	4,144
Deterioration Rate	27.6%	30.6%	33.7%	36.7%	39.7%	42.6%

[Ancillary Facilities]

Unit: million JPY

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Acquisition Cost	5,214	5,214	5,214	5,881	5,971	6,194
Depreciation Expense	4,356	4,457	4,555	4,693	4,851	5,025
Deterioration Rate	83.5%	85.5%	87.4%	79.8%	81.2%	81.1%

A large improvement in deterioration rate has been generated by updating the current value of fixed assets through a revision of the accounting processes for renewal and renovation work on fixed assets.

4 Multi-year Trends of Operational Subsidies

Unit: thousand JPY

	FY2006	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Subsidy A1 (General management)	1,309,589	1,045,213	1,030,342	1,000,381	970,852	971,449	976,205
Subsidy A2 (Personnel and special factor)	1,988,113	2,040,916	2,124,297	2,099,378	2,336,885	2,295,068	2,345,096
Subsidy C (Facility and equipment maintenance)	49,582	114,341	136,888	144,903	149,689	156,280	156,272
<b>Total</b>	<b>3,347,284</b>	<b>3,200,470</b>	<b>3,291,527</b>	<b>3,244,662</b>	<b>3,457,426</b>	<b>3,422,797</b>	<b>3,477,573</b>

Comparison with FY2006: Subsidy A1 showed a drop of approximately 333 million JPY since a certain degree of reduction is required every fiscal year.

Comparison with FY2006: Subsidy A2 showed an increase of approximately 357 million JPY due to a rise in the number of faculty and administrative staff and salary revision.

Subsidy C (Facility Maintenance) is showing an upward trend due to deterioration of facilities and has averaged approximately 150 million JPY.

Reference

The average ratio of operational subsidy, etc. for public universities in FY 2019\* was 59.4%. The University of Aizu had a ratio of 74.8%, which was the 12th highest among public universities.

\*This is based on the percentage of general financial resources borne by prefectures and cities in the public university fact-finding survey of public universities conducted by the Public University Association. The operational subsidy ratio in the survey (of 93 universities), only includes subsidies, etc. for undergraduate schools, and is therefore not equivalent to the ratio with same name provided in the following page of this material.

## II Financial Analysis

### Multi-year Trends of key financial indicators

Financial Indicators(*1)	Formula	UoA						(Reference)				
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	University A	University B	University C	University D	National University Corporation Average
								FY2019	FY2019	FY2019	FY2019	FY2019
Financial Soundness: Whether the corporation's financial structure has been strong enough to conduct stable and continuous educational and research activities												
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liability}}$	155.14%	124.95%	264.97%	162.99%	212.81%	208.00%	119.27%	125.86%	336.24%	137.23%	86.10%
Capital Adequacy Ratio	$\frac{\text{Net Assets}}{\text{Liabilities+Net Assets}}$	75.68%	76.96%	78.56%	75.65%	77.00%	77.58%	84.82%	60.36%	86.44%	77.04%	-
Operational Subsidy Ratio	$\frac{\text{Income from Operational Subsidies}}{\text{Ordinary Income}}$	63.56%	64.44%	65.78%	66.34%	65.95%	65.10%	60.87%	47.01%	66.27%	47.23%	-
Financial Efficiency: Whether the corporation has efficiently managed resources to conduct educational and research activities												
Personnel Expenses Ratio**	$\frac{\text{Personnel Expenses}}{\text{Operational Expenses}}$	53.14%	55.80%	55.67%	58.04%	58.28%	58.46%	51.29%	48.68%	65.30%	73.27%	56.30%
General Management Expenses Ratio**	$\frac{\text{General Management Expenses}}{\text{Operational Expenses}}$	9.61%	13.95%	19.65%	10.99%	13.32%	10.81%	17.37%	5.52%	6.63%	29.53%	6.20%
Potential for Financial Growth: Whether the corporation has increased income and strengthened the financial structure												
Growth Rate of Ordinary Income	$\frac{\text{(FY2019 Ordinary Income - FY2018 Ordinary Income)}}{\text{FY2018 Ordinary Income}}$	3.20%	1.05%	6.74%	-6.03%	2.61%	-0.24%	8.56%	24.55%	1.42%	-2.45%	-
External Funding Ratio	$\frac{\text{External Funding}(*3)}{\text{Ordinary Income}}$	1.76%	1.89%	2.20%	2.56%	3.20%	3.10%	7.69%	4.17%	1.63%	1.63%	17.20%
Activities: Whether the corporation secures and maximizes sufficient resources to conduct educational and research activities												
Educational Expenses Percentage**	$\frac{\text{Educational Expenses}}{\text{Operational Expenses}}$	7.00%	8.29%	8.26%	8.57%	8.99%	9.85%	11.53%	10.39%	21.16%	18.58%	11.70%
Research Expenses Percentage**	$\frac{\text{Research Expenses}}{\text{Operational Expenses}}$	15.24%	13.24%	13.97%	12.03%	10.92%	10.94%	9.88%	32.74%	9.69%	3.22%	11.60%
Education and Research Assistance Expenses Percentage**	$\frac{\text{Education and Research Assistance Expense}}{\text{Operational Expenses}}$	23.31%	21.15%	20.27%	19.33%	19.03%	18.46%	20.44%	4.35%	2.46%	3.58%	-
Profitability: Whether the corporation has secure profit by making management efforts												
Ordinary Profits Percentage	$\frac{\text{Ordinary Profit}}{\text{Ordinary Income}}$	2.39%	0.97%	2.02%	6.07%	5.44%	6.18%	2.74%	4.76%	2.57%	-1.25%	0.60%

\* 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."

\*\* There is a reciprocal relationship between the indices.

\*\*\* Income from Commissioned Research, Collaborative Research, Commissioned Projects, Donations, Etc.

#### [Details of the Reference]

University A and B : Public universities in the same scale as the UoA solely specialized in science

University C: A public university selected for the SGU program

University D: A public university with a junior college division

Average of national universities: National Universities Group B, which is comprised of 13 universities without medical schools and with about twice as many science students as humanities students, is utilized to calculate average ratios of national university corporations.

Source: Comparison data was prepared based on the financial statement data posted on each university's website and those on "Financial Statements for Fiscal Year 2019" posted on MEXT's website.

#### Profitability

**The ordinary profit margin was 6.18% in FY2020. In accordance with a revision of the accounting procedures for updates, repairs etc. of fixed assets, ordinary profit has been calculated more accurately, which has significantly increased the ordinary profit margin since FY2018.**

The level is higher than other universities and is this the result of managerial efforts. However, **it is desirable to reduce costs through efficient operation, increase of independent revenue, etc.**

#### Financial Soundness

The corporation's current ratio has 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 higher than that of other universities.

**It can be said that the corporation's level of financial soundness is high.** On the other hand, it also means that our finances are greatly influenced by the prefecture's finances. Despite the fact that the financial structure of a public university corporation is reliant 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 that increased the personnel expenses ratio including the establishment of the JCD Early Childhood Education Department, the percentage of the personnel expense ratio has remained in the 50s.

The general management expenses ratio fluctuates depending on whether construction in the fiscal year is booked as capital or revenue expenditures. In FY2020, the ratio was 10.81%, so **efficiency of expenditures remains low in terms of general management expenses.** Securing sufficient financial resource to conduct education and research will require **the corporation to continue to drive down the total amount of management expenses by making efforts to reduce various expenses and to maintain facilities more systematically.**

#### Potential for Financial Growth

The ordinary income increase ratio has fluctuated due to the hike of consumption tax rate and the implementation of large-scale projects. As a result of a small number of construction projects recorded as revenue expenditures in FY2020, the ordinary income growth rate has fallen. **The corporation is required to continue to work on increasing profitability in order to strengthen the financial structure.**

While the external funding ratio has steadily risen every year, it is desirable to continue to proactively acquire external funding in order to strengthen the financial base of the corporation.

#### Activities

Comparison with FY2019: The educational expenses percentage increased by approximately 0.9% due to increase in scholarship under the New Higher Education Support System.

Research expense percentage is at the same level as FY2019. Due to the impact of the COVID-19 pandemic, the amount of travel and transportation expenses decreased while the durable goods and outsourcing expenses increased.

The education and research assistance expense percentage has decreased by approximately 0.57 percentage points compared to FY2019 due to a decrease in depreciation of assets related to the Laboratory for Leading-edge ICT in Aizu (LICTIA). **In addition, lease payments for computer systems\*\* have decreased every year, which has contributed to the efficient conduct of business.**

\*\*As the UoA is specialized in computer science and engineering, computer system expenses are mainly booked as education and research support expenses.