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## Summary of Non-consolidated Financial Results for the Six Months Ended June 30, 2021 [Japanese GAAP]



August 13, 2021

Company name: WealthNavi Inc.  
 Listing: Tokyo  
 Securities code: 7342 URL: <http://www.wealthnavi.com>  
 Representative: Representative Director and CEO Kazuhisa Shibayama  
 Contact: Director, CFO Gaku Hirose (TEL) +81-3-6632-4911  
 Scheduled date to file quarterly Securities Report: August 13, 2021  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

### 1. Non-consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

#### (1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2021	1,954	-	1,944	-	(175)	-	(176)	-	(178)	-
June 30, 2020	-	-	-	-	-	-	-	-	-	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	(3.91)	-
June 30, 2020	-	-

Note 1. As the Company has not prepared non-consolidated financial statements for the six months ended June 30, 2020, earnings per share for the six months ended June 30, 2020 and the percentage indicating year-on-year changes are not shown for the six months ended June 30, 2021.

2. Diluted earnings per share is not depicted because, although potential shares exist, the basic loss per share is reported for the quarter.

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	million yen	million yen	%
June 30, 2021	17,509	7,411	42.3
December 31, 2020	15,378	6,916	45.0

(Reference) Equity: As of June 30, 2021 7,411 million yen  
 As of December 31, 2020 6,916 million yen

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2021	-	0.00			
Fiscal year ending December 31, 2021 (Forecast)			-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Non-consolidated earnings forecast for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit excluding advertising expenses	
	million yen	%	million yen	%
Fiscal year ending December 31, 2021	4,316	71.5	1,076	586.2

Note 1. Operating profit excluding advertising expenses is the sum of the operating profit and advertising expenses.

2. Revisions to the earnings forecast most recently announced: None

\* Notes

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies in accordance with changes in accounting standards, etc.: No

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period (including treasury shares)

As of June 30, 2021 45,593,749 shares

As of December 31, 2020 44,967,649 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2021 4 shares

As of December 31, 2020 - shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021 45,526,577 shares

Six months ended June 30, 2020 - shares

(Note) Because the Company did not prepare non-consolidated quarterly financial statements for the six months ended June 30, 2020, no data is provided for average number of shares issued during that term.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation of the proper use of earnings forecasts, and other special matters

The forward-looking statements such as earnings forecasts contained in these materials are based on information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Because of variable factors, actual results may differ from the forecast figures. For information regarding assumptions upon which the Company's results forecasts are based and notes regarding the use of forecasts, please refer to page 3 of the attached materials 1. Qualitative information regarding quarterly results (3) Explanation regarding non-consolidated forecasts and forward-looking statements.

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## 1. Qualitative information regarding quarterly results

### (1) Explanation of operating results

During the first half of the current fiscal year, expectations for economic recovery and growth increased throughout the global economy due to the progress in vaccinations against the novel coronavirus in major countries. This has led to the gradual lifting of behavioral restrictions as the number of newly infected people decreases and has also led to the implementation of ongoing accommodative monetary policies. In the domestic economy, a third emergency declaration was issued in April as the number of infected people increased again, and the sense of economic stagnation intensified accordingly.

In light of this environment, the Company has actively expanded the functions of its fully automated robo-advisor “WealthNavi,” increased the number of its alliance partners, hired human resources to strengthen its business base, and engaged in advertising activities such as TV commercials, all to achieve continuous business growth.

Regarding the expansion of the functions of “WealthNavi,” the Company began offering “Robo-NISA” as part of its direct business in February. “Robo-NISA” is a feature leveraging the NISA’s tax exemption merits while enabling the wealth management of long-term investment with a globally diversified portfolio through “WealthNavi.” In June, the Company also started offering “Robo-NISA” for “WealthNavi for SBI Securities,” a service provided in partnership with SBI Securities Co., Ltd., and “Hokkoku Omakase Navi,” a service provided in partnership with The Hokkoku Bank, Ltd.

In addition, the Company has been promoting the expansion of its alliance partners, and in June, the Company concluded business alliance agreements with The Taiko Bank, Ltd. and The Chukyo Bank, Ltd. The Company plans to offer a managed account service with a hybrid of online and face-to-face support.

As a result, as of June 30, 2021, there were 287 thousand users and assets under management totaled 485.2 billion yen.

Consequently, the operating revenue was 1,954 million yen, and the net operating revenue after deducting financial expenses of 9 million yen from the total operating revenue was 1,944 million yen for the six months ended June 30, 2021. In addition, the selling, general, and administrative expenses cost was 2,119 million yen, resulting in an operating profit excluding advertising expenses of 521 million yen, an operating loss of 175 million yen, an ordinary loss of 176 million yen, and a quarterly net loss of 178 million yen for the six months ended June 30, 2021.

The Company only operates in a single segment being the robo-advisor business, and thus, no segment information is reported.

### (2) Explanation of financial position

#### (Assets)

Total assets as of June 30, 2021 were 17,509 million yen, up 2,131 million yen from the end of the previous fiscal year. This increase is mainly due to the increase of 3,200 million yen in cash segregated as deposits for customers and a corresponding decrease in cash and deposits of 1,784 million yen.

#### (Liabilities)

Total liabilities as of June 30, 2021 were 10,097 million yen, up 1,635 million yen from the end of the previous fiscal year. This increase was mainly due to a 1,605 million yen increase in the amount of deposits received associated with the increase in funds received from customers, etc.

#### (Net assets)

Total net assets as of June 30, 2021 were 7,411 million yen, up 495 million yen from the end of the previous fiscal year. This increase was caused by an increase in share capital of 336 million yen from a third-party allotment related to a secondary offering through an over-allotment etc., an increase in legal capital surplus of 336 million yen, and a decrease in retained earnings of 178 million yen due to the recording of a net loss.

### (3) Explanation of cash flow

Cash and cash equivalents (hereinafter, “net cash”) as of June 30, 2021 totaled 8,915 million yen, a decrease of 1,173 million from the end of the previous fiscal year. Cash flows and sources thereof during the six months period ending June 30, 2021 were as follows.

#### (Cash flows from operating activities)

Net cash used in operating activities was 1,794 million yen. This is mainly due to 3,200 million yen increase in cash segregated as deposits for customers and 1,605 million yen increase in deposits received.

#### (Cash flows from investing activities)

Net cash used in investing activities was 38 million yen. This is mainly due to acquisition of intangible assets in the amount of 29 million yen.

#### (Cash flows from financing activities)

Net cash provided by financing activities was 660 million yen. This is mainly due to 660 million yen in proceeds from issuance of new shares due to a third-party allotment related to a secondary offering through an over-allotment.

### (4) Explanation of non-consolidated financial results forecasts and other forward-looking statements

There is no change to the financial results forecast for the year-ending December 31, 2021 announced on May 14, 2021.

## 2. Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheets

(Units: Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	8,613,814	6,829,790
Cash segregated as deposits	4,610,000	7,810,000
Cash segregated as deposits for customers	4,610,000	7,810,000
Trading products	43	53
Trade date accrual	398	173
Advances paid	9,784	5,033
Advance payments	4,000	7,300
Prepaid expenses	39,251	50,440
Accounts receivable - other	24,367	2,854
Accrued income	289,200	407,414
Due from banks	1,525,641	2,136,145
Other current assets	589	567
<b>Total current assets</b>	<b>15,117,090</b>	<b>17,249,773</b>
Noncurrent assets		
Property, plant, and equipment		
Buildings	68,440	68,440
Equipment	64,006	52,614
Accumulated depreciation	(64,272)	(63,991)
<b>Total property, plant, and equipment</b>	<b>68,174</b>	<b>57,063</b>
Intangible assets		
Software	47,808	95,939
Software in progress	40,965	680
Trademark right	1,100	1,025
<b>Total intangible assets</b>	<b>89,874</b>	<b>97,645</b>
Investments and other assets		
Lease and guarantee deposits	97,325	97,325
Long-term prepaid expenses	5,773	7,496
<b>Total investments and other assets</b>	<b>103,099</b>	<b>104,822</b>
<b>Total noncurrent assets</b>	<b>261,149</b>	<b>259,531</b>
<b>Total assets</b>	<b>15,378,239</b>	<b>17,509,304</b>

(Units: Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Deposits received	7,075,298	8,680,717
Accounts payable - other	253,158	290,552
Accrued expenses	84,399	99,956
Income taxes payable	48,762	26,123
Current portion of convertible bond-type bonds with share acquisition rights	1,000,000	1,000,000
Total current liabilities	8,461,619	10,097,349
Total liabilities	8,461,619	10,097,349
Net assets		
Shareholders' equity		
Share capital	1,429,687	1,766,479
Capital surplus		
Legal capital surplus	6,444,452	6,781,244
Other capital surplus	45,690	45,690
Total capital surplus	6,490,142	6,826,934
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,003,210)	(1,181,442)
Total retained earnings	(1,003,210)	(1,181,442)
Treasury stock	-	(17)
Total shareholders' equity	6,916,620	7,411,954
Total net assets	6,916,620	7,411,954
Total liabilities and net assets	15,378,239	17,509,304

(2) Quarterly statement of income

(Units: Thousands of yen)

		For the six months ended June 30, 2021
Operating revenue		
Commission received		1,924,838
Net trading income		20,618
Financial revenue		237
Other operating revenue		8,700
Total operating revenue		1,954,394
Financial expenses		9,907
Net operating revenue		1,944,487
Selling, general, and administrative expenses		
Trading-related expenses		1,259,268
Personnel expenses		486,707
Real estate expenses		96,136
Office expenses		155,330
Depreciation		37,499
Taxes and dues		25,525
Other		59,101
Total selling, general, and administrative expenses		2,119,568
Operating loss		(175,081)
Non-operating income		1,744
Non-operating expenses		
Stock issuance expenses		2,897
Other		97
Total non-operating expenses		2,995
Ordinary loss		(176,331)
Loss before income taxes		(176,331)
Income taxes - current		1,900
Total income taxes		1,900
Loss		(178,231)



## (3) Quarterly statement of cash flows

(Units: Thousands of yen)

For the six months ended June 30, 2021	
<b>Cash flows from operating activities</b>	
Loss before income taxes	(176,331)
Depreciation	37,499
Share-based remuneration expenses	1,725
Loss on disposal of non-current assets	32
Decrease (increase) in cash segregated as deposits for customers	(3,200,000)
Decrease (increase) in trade date accrual	225
Interest and dividend income	(237)
Interest expenses	9,907
Decrease (increase) in advance payments	(3,300)
Decrease (increase) in prepaid expenses	(4,951)
Decrease (increase) in accounts receivable - other	21,512
Decrease (increase) in accrued income	(118,214)
Increase (decrease) in deposits received	1,605,419
Increase (decrease) in accounts payable - other	41,170
Increase (decrease) in accrued expenses	16,088
Other, net	(10,906)
Subtotal	(1,780,361)
Interest and dividend income received	237
Interest expenses paid	(10,439)
Income taxes paid	(3,800)
Net cash provided by (used in) operating activities	(1,794,362)
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(8,852)
Purchase of intangible assets	(29,116)
Other, net	(660)
Net cash provided by (used in) investing activities	(38,628)
<b>Cash flows from financing activities</b>	
Proceeds from share issuance	660,714
Other, net	(17)
Net cash provided by (used in) financing activities	660,696
Effect of exchange rate change on cash and cash equivalents	(1,225)
Net increase (decrease) in cash and cash equivalents	(1,173,520)
Cash and cash equivalents at beginning of period	10,089,443
Cash and cash equivalents at end of period	8,915,922

(4) Notes to quarterly financial statements

(Notes on premise of ongoing concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

The Company issued 623,800 new shares through a third-party allotment (related to a secondary offering through an over-allotment) with payment completed on January 20, 2021, and share capital and legal capital surplus increased by 331,783 thousand yen respectively.

Also, share capital and legal capital surplus increased by 5,008 thousand yen respectively due to the issuance of new 2,300 shares as restricted stock-based compensation with payment completed on May 14, 2021.

As a result, as of June 30, 2021, the Company's share capital was 1,766,479 thousand yen, and capital surplus was 6,826,934 thousand yen.