

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Summary of Non-consolidated Financial Results
for the Year Ended December 31, 2021
[Japanese GAAP]



February 14, 2022

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 hold annual general shareholders' meeting: March 24, 2022
 Scheduled date to commence dividend payments: -
 Scheduled date to file Securities Report: March 25, 2022
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results

(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	%
Fiscal year ended December 31, 2021	4,647	84.7	4,625	85.4	(432)	-	(491)	-	(495)	-
December 31, 2020	2,516	62.1	2,494	62.7	(978)	-	(999)	-	(1,003)	-

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/operating revenue
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2021	(10.85)	-	(5.8)	(2.3)	(9.3)
December 31, 2020	(23.58)	-	(16.5)	(7.1)	(38.9)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended December 31, 2020 - million yen

Fiscal year ended December 31, 2019 - million yen

Note 1. The Company conducted a 3-for-1 stock split of common stocks effective on August 30, 2020. Basic earnings per share are calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

2. Diluted earnings per share is not depicted as the basic loss per share is reported.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
As of December 31, 2021	27,377	10,037	36.7	213.62
December 31, 2020	15,378	6,916	45.0	153.81

(Reference) Equity: As of December 31, 2021 10,037 million yen As of December 31, 2020 6,916 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended December 31, 2021	3,384	(23)	4,052	17,501
December 31, 2020	(939)	(76)	2,642	10,089

2. Cash dividends

	Dividends per share					Total dividends	Dividend payout ratio	Ratio of dividends to net assets
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2020	-	0.00	-	0.00	0.00	-	-	-
December 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending December 31, 2022 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Non-consolidated earnings forecast for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes)

	Operating revenue	
	million yen	%
Fiscal year ending December 31, 2022	6,681	43.7

* Notes

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

- (i) Changes in accounting policies in accordance with changes in accounting standards, etc.: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(2) Number of shares issued (common shares)

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

As of December 31, 2021	46,988,150 shares
As of December 31, 2020	44,967,649 shares

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

As of December 31, 2021	119 shares
As of December 31, 2020	- shares

(iii) Average number of shares during the period

Fiscal year ended December 31, 2021	45,647,561 shares
Fiscal year ended December 31, 2020	42,542,785 shares

Note: The Company conducted a 3-for-1 stock split for common stock with an effective date of August 30, 2020. The number of shares issued and the average number of shares outstanding during the period have been calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

* The non-consolidated financial results are not subject to review 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. The actual results may differ materially from the forecast due to various factors. For assumptions upon the Company's results forecasts and notes regarding the use of forecasts, please refer to page 3 of the attached materials 1. Overview of operating results and others (4) Future outlook.

Attached Materials

Table of contents

1. Overview of operating results and others.....	2
(1) Overview of operating results	2
(2) Overview of financial position	2
(3) Overview of cash flows.....	3
(4) Future outlook	3
2. Basic policy for the selection of accounting standards.....	3
3. Non-consolidated financial statements and significant notes	4
(1) Balance sheets	4
(2) Statements of income	6
(3) Statements of changes in equity	7
(4) Statements of cash flows	8
(5) Notes to financial statements.....	9
(Notes on premise of going concern)	9
(Segment information, etc.).....	9
(Per share information)	9
(Significant subsequent events).....	9

1. Overview of operating results and others

(1) Overview of operating results

During the fiscal year ended December 31, 2021, the global economy, in general, continued to recover from the COVID-19 pandemic, but uncertainty prevailed with anxieties for interest rate hike caused by the change in the Federal Reserve's monetary policy and the spread of Omicron variants towards the fiscal year end. Japanese economy remained uncertain due to Omicron infection despite expectations for reopening of economy with high vaccination rates and epidemic prevention measures.

Under such circumstances, the Company has actively expanded the functions of its fully automated robo-advisor "WealthNavi," increased the number of its alliance partners, engaged in advertising activities such as TV commercials, hired talent. to strengthen its business base, and enhanced system security, 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" has 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." The Company also expanded offering "Robo-NISA" for 15 alliance partners, starting from "WealthNavi for SBI Securities" and "Hokkoku Omakase Navi" in June.

In addition, the Company released "Sale and Repurchase" function on "Robo-NISA." This function enables our users to make the best use of a tax exemption allowance by selling their assets in their regular WealthNavi accounts and repurchase them on "Robo-NISA" accounts.

Furthermore, the Company promoted the expansion of its alliance partners. The Company started offering "Chukyo Omakase Navi" in partnership with The Chukyo Bank, Ltd. in August, and "TAIKO Navi" in partnership with THE TAIKO BANK, Ltd. in October to provide a managed account service with a hybrid of online and face-to-face support. In December, the Company announced the business alliance with AEON CREDIT SERVICE DO., LTD., aiming to jointly develop and offer a managed account service to the customers of "AEON Card."

As a result, as of December 31, 2021, there were 317 thousand users (235 thousand users as of the previous year end) and assets under management totaled 634.5 billion yen (329.1 billion yen as of the previous year end).

Consequently, for the fiscal year ended December 31, 2021, the operating revenue was 4,647 million yen (up 84.7% year-over-year), and the selling, general, and administrative expenses cost was 5,057 million yen (up 45.6% year-over-year), resulting in an operating profit excluding advertising expenses of 1,428 million yen (up 811.0% year-over-year), an operating loss of 432 million yen (a loss of 978 million yen for the previous fiscal year; same hereinafter), an ordinary loss of 491 million yen (a loss of 999 million yen), and a net loss of 495 million yen (a loss of 1,003 million yen). Please note that 24 million yen of stock issuance expenses and 37 million yen of commission fee were recorded as non-operating expenses. Stock issuance expenses is a registration and license tax due to an increase in share capital etc., and commission fee is a structuring fee regarding a long-term subordinated loan.

(2) Overview of financial position

(Assets)

Total assets as of December 31, 2021 were 27,377 million yen, up 11,998 million yen from the end of the previous fiscal year. This was mainly due to 5,936 million yen increase in deposits paid to the prime brokerage for foreign securities (ETF) trading, and 4,390 million yen increase in cash segregated as deposits for customers.

(Liabilities)

Total liabilities as of December 31, 2021 were 17,339 million yen, up 8,877 million yen from the end of the previous fiscal year. This was mainly due to 8,074 million yen increase in deposits received associated with the increase in user transactions, 1,500 million yen increase in a long-term subordinated loan, and 1,000 million yen decrease in convertible bonds with stock acquisition rights due to early redemption.

(Net assets)

Total net assets as of December 31, 2021 were 10,037 million yen, up 3,120 million yen from the end of the previous fiscal year. This was mainly caused by an increase in share capital of 1,808 million yen and an increase in legal capital surplus of 1,808 million

yen from a new share issuance etc., and a decrease in retained earnings of 495 million yen due to the recording of a net loss.

(3) Overview of cash flows

Cash and cash equivalents (hereinafter, “funds”) were 17,501 million yen as of December 31, 2021. Cash flows during the fiscal year ended December 31, 2021 and their causes are as follows.

(Cash flows from operating activities)

Funds generated in operating activities were 3,384 million yen (939 million yen was used in the previous fiscal year). This is mainly due to 4,390 million yen increase in cash segregated as deposits for customers, 8,074 million yen increase in deposits received, and 491 million yen in loss before income taxes.

(Cash flows from investing activities)

Funds used in investing activities were 23 million yen (76 million yen used in the previous fiscal year). This is mainly due to 50 million yen increase from cancellation of time deposits, 18 million yen in expenditure to purchase property, plant, and equipment, and 32 million yen in expenditure to purchase intangible assets.

(Cash flows from financing activities)

Funds generated from financing activities were 4,052 million yen (2,642 million yen generated in the previous fiscal year). This is mainly due to the proceeds of 1,500 million yen from a long-term subordinated loan, the proceeds of 3,590 million yen from new share issuance etc., and the repayment of 1,000 million yen for redemption of convertible bonds with stock acquisition rights.

(4) Future outlook

Our goal is to maximize mid/long-term free cash flow. To this end, we proactively invest in development of our talents, brand and customer base to fully realize our growth potential.

As a result of prospective growth of our AuM and operating revenue, we expect to turn into the black on a quarterly basis within FY2022 without compromising our growth. This shall lead to further increase in AuM as our users become more confident in long-term use of “WealthNavi.”

We report the forecast of operating revenue only at this point because we would like to flexibly manage advertising expenses and because cost and timing of office expansion are yet to be determined. We shall report the forecast of operating profit when we announce the 2Q earnings.

2. Basic policy for the selection of accounting standards

The Company prepares its financial statements based on Japanese GAAP. While considering circumstances concerning the adoption of International Financial Reporting Standards (IFRS), the Company will make continuous effort to improve its organizational system to respond appropriately.

3. Non-consolidated financial statements and significant notes

(1) Balance sheets

(Units: Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	8,613,814	10,039,649
Cash segregated as deposits	4,610,000	9,000,000
Cash segregated as deposits for customers	4,610,000	9,000,000
Trading products	43	71
Trade date accrual	398	2,347
Advances paid	9,784	7,743
Advance payments	4,000	4,354
Prepaid expenses	39,251	75,067
Accounts receivable - other	24,367	2,770
Accrued income	289,200	534,940
Deposits paid	1,525,641	7,461,762
Other current assets	589	562
Total current assets	15,117,090	27,129,269
Noncurrent assets		
Property, plant, and equipment		
Buildings	68,440	68,440
Equipment	64,006	62,701
Accumulated depreciation	(64,272)	(84,000)
Total property, plant, and equipment	68,174	47,142
Intangible assets		
Software	47,808	81,639
Software in progress	40,965	-
Trademark right	1,100	950
Total intangible assets	89,874	82,589
Investments and other assets		
Lease and guarantee deposits	97,325	97,325
Long-term prepaid expenses	5,773	20,845
Total investments and other assets	103,099	118,171
Total noncurrent assets	261,149	247,903
Total assets	15,378,239	27,377,172

(Units: Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Deposits received	7,075,298	15,149,687
Accounts payable - other	253,158	504,157
Accrued expenses	84,399	134,462
Income taxes payable	48,762	51,246
Current portion of convertible bond-type bonds with share acquisition rights	1,000,000	-
Total current liabilities	8,461,619	15,839,553
Noncurrent liabilities		
Long-term loans payable	-	1,500,000
Total noncurrent liabilities	-	1,500,000
Total liabilities	8,461,619	17,339,553
Net assets		
Shareholders' equity		
Share capital	1,429,687	3,237,925
Capital surplus		
Legal capital surplus	6,444,452	8,252,690
Other capital surplus	45,690	45,690
Total capital surplus	6,490,142	8,298,380
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,003,210)	(1,498,669)
Total retained earnings	(1,003,210)	(1,498,669)
Treasury stock	-	(17)
Total shareholders' equity	6,916,620	10,037,619
Total net assets	6,916,620	10,037,619
Total liabilities and net assets	15,378,239	27,377,172

(2) Statements of income

(Units: Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Operating revenue		
Commission received	2,471,632	4,576,140
Net trading income	26,309	53,337
Financial revenue	770	560
Other operating revenue	17,997	17,467
Total operating revenue	2,516,709	4,647,506
Financial expenses	21,739	22,226
Net operating revenue	2,494,969	4,625,280
Selling, general, and administrative expenses		
Trading-related expenses	1,971,575	3,119,888
Personnel expenses	850,293	1,090,341
Real estate expenses	213,507	212,731
Office expenses	208,950	330,511
Depreciation	75,305	76,211
Taxes and dues	46,911	72,780
Other	107,219	155,518
Total selling, general, and administrative expenses	3,473,763	5,057,982
Operating loss	(978,794)	(432,702)
Non-operating income	4,033	4,009
Non-operating expenses		
Listing related expenses	4,500	-
Stock issuance expenses	18,231	24,778
Commission fee	-	37,500
Other	1,917	687
Total non-operating expenses	24,649	62,966
Ordinary loss	(999,410)	(491,659)
Loss before income taxes	(999,410)	(491,659)
Income taxes - current	3,800	3,800
Total income taxes	3,800	3,800
Loss	(1,003,210)	(495,459)

(3) Statements of changes in equity

Fiscal year ended December 31, 2020

(Units: Thousands of yen)

	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of current period	100,000	5,114,765	2,106,496	7,221,261
Changes during period				
Issuance of new shares	1,329,687	1,329,687		1,329,687
Deficit disposition			(2,060,805)	(2,060,805)
Loss				
Total changes during period	1,329,687	1,329,687	(2,060,805)	(731,118)
Balance at end of current period	1,429,687	6,444,452	45,690	6,490,142

	Retained earnings		Total shareholders' equity	Total net assets
	Other retained earnings	Total retained earnings		
Balance at beginning of current period	(2,060,805)	(2,060,805)	5,260,455	5,260,455
Changes during period				
Issuance of new shares			2,659,375	2,659,375
Deficit disposition	2,060,805	2,060,805	-	-
Loss	(1,003,210)	(1,003,210)	(1,003,210)	(1,003,210)
Total changes during period	1,057,595	1,057,595	1,656,164	1,656,164
Balance at end of current period	(1,003,210)	(1,003,210)	6,916,620	6,916,620

Fiscal year ended December 31, 2021

(Units: Thousands of yen)

	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of current period	1,429,687	6,444,452	45,690	6,490,142
Changes during period				
Issuance of new shares	1,808,237	1,808,237		1,808,237
Loss				
Purchase of treasury stock				
Total changes during period	1,808,237	1,808,237		1,808,237
Balance at end of current period	3,237,925	8,252,690	45,690	8,298,380

	Retained earnings		Treasury stock	Total shareholders' equity	Total net assets
	Other retained earnings	Total retained earnings			
Balance at beginning of current period	(1,003,210)	(1,003,210)	-	6,916,620	6,916,620
Changes during period					
Issuance of new shares				3,616,475	3,616,475
Loss	(495,459)	(495,459)		(495,459)	(495,459)
Purchase of treasury stock			(17)	(17)	(17)
Total changes during period	(495,459)	(495,459)	(17)	3,120,998	3,120,998
Balance at end of current period	(1,498,669)	(1,498,669)	(17)	10,037,619	10,037,619

(4) Statements of cash flows

(Units: Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Loss before income taxes	(999,410)	(491,659)
Depreciation	75,305	76,211
Stock-based compensation	-	5,356
Loss on disposal of noncurrent assets	115	32
Decrease (increase) in cash segregated as deposits for customers	(1,100,000)	(4,390,000)
Decrease (increase) in trade date accrual	(539)	(1,948)
Interest and dividend income	(770)	(560)
Interest expenses	21,739	22,226
Decrease (increase) in advance payments	33,402	(354)
Decrease (increase) in prepaid expenses	36,626	(28,277)
Decrease (increase) in accounts receivables-others	78,956	21,596
Decrease (increase) in accrued income	(112,863)	(245,740)
Increase (decrease) in deposits received	904,947	8,074,388
Increase (decrease) in accounts payable-other	49,694	254,912
Increase (decrease) in accrued expenses	19,955	50,716
Other	76,716	63,636
Subtotal	(916,124)	3,410,536
Interest and dividend income received	692	477
Interest expenses paid	(20,732)	(22,878)
Income taxes paid	(3,800)	(3,800)
Cash flows from operating activities	(939,964)	3,384,335
Cash flows from investing activities		
Decrease (increase) in time deposits	-	50,000
Purchase of property, plant, and equipment	(86,092)	(18,952)
Purchase of intangible assets	(45,588)	(32,887)
Proceeds from the collection of leasehold deposits and guarantees	59,882	-
Other	(4,588)	(21,560)
Cash flows from investing activities	(76,387)	(23,400)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,500,000
Issuance of new shares	2,642,321	3,590,259
Repayment of convertible bonds	-	(1,000,000)
Others	-	(37,517)
Cash flows from financing activities	2,642,321	4,052,742
Effect of exchange rate change on cash and cash equivalents	(12,473)	(1,709)
Net increase (decrease) in cash and cash equivalents	1,613,495	7,411,968
Cash and cash equivalents at beginning of period	8,475,947	10,089,443
Cash and cash equivalents at end of period	10,089,443	17,501,412

(5) Notes to financial statements

(Notes on premise of ongoing concern)

Not applicable

(Segment information, etc.)

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

(Per share information)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net assets per share	153.81 yen	213.62 yen
Net loss per share	(23.58) yen	(10.85) yen

Note 1. The Company conducted a 3-for-1 stock split for common stock with an effective date of August 30, 2020 in accordance with a resolution obtained at a Board meeting convened on August 14, 2020; thus net assets per share and net loss per share are calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

2. In calculating the loss per share, conversion-type participative stock is treated in the same way as common shares following conversion and is included in the average number of common shares outstanding during the period.

3. Diluted earnings per share is not depicted as basic loss per share is reported for the fiscal year.

4. The grounds for calculating the net loss per share are as follows.

Items	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net loss per share		
Net loss (thousands of yen)	(1,003,210)	(495,459)
Amount not attributable to common shareholders (thousands of yen)	-	-
Current net loss relating to common shares (thousands of yen)	(1,003,210)	(495,459)
Average number of common shares outstanding during the period (shares)	42,542,785	45,647,561
Outline of dilutive shares excluded in the calculation of diluted earnings per share, as they have no dilution effect	Two types of unsecured convertible bonds (Total face value: 1,000,000,000 yen) Nine types of stock options (The number of shares subject to share acquisition rights: 5,311,518)	Nine types of stock options (The number of shares subject to share acquisition rights: 4,574,979)

(Significant subsequent events)

Not applicable