



## Financial Results for 1Q FY2022

WealthNavi Inc.  
May 13, 2022

# Mission

**To build a world-class wealth management platform for working families using cutting-edge technology**



# Top Japanese robo-advisor with recurring revenues

Service launch

**July 2016**

# of employees<sup>1</sup>

**121**

Engineer & designer %  
of all employees<sup>1</sup>

**49%**

Users<sup>1, 2</sup>

**332K**

% of 20s-50s users<sup>1</sup>

**87%**

Average monthly churn rate<sup>3</sup>

**<1%**

Intention to use  
for over 10 years<sup>4</sup>

**66%**

AuM<sup>1</sup>

**JPY663Bn**

YoY AuM growth<sup>5</sup>

**+65%**

ARR<sup>6</sup>

**JPY6.02Bn**

Net AuM retention<sup>7</sup>

**120%+**

<sup>1</sup> As of March 31, 2022

<sup>2</sup> "Users" refers to a customer who has AuM of 1 yen or more

<sup>3</sup> % of users who go from a positive ETF balance to no ETF balance (monthly, total average from July 2016 to March 2022)

<sup>4</sup> From the results of the questionnaire survey conducted by WealthNavi in April 2022

<sup>5</sup> Growth rate of AuM from March 31, 2021 to March 31, 2022

<sup>6</sup> Annual Recurring Revenue. Calculated by multiplying monthly recurring revenue (Monthly Recurring Revenue, "MRR") before deducting revenue sharing in March 2022 by 12

<sup>7</sup> An index that shows the % of AuM retained over 1 year (Book value basis, excluding market price fluctuations. All averages from July 2016 to March 2022)

(Initial AuM + Automated deposits for 1 year + Additional manual deposits for 1 year – Withdrawal for 1 year) / Initial AuM

# Agenda

## **1Q FY2022 business highlights**

1Q FY2022 financial highlights

FY2022 full-year forecast

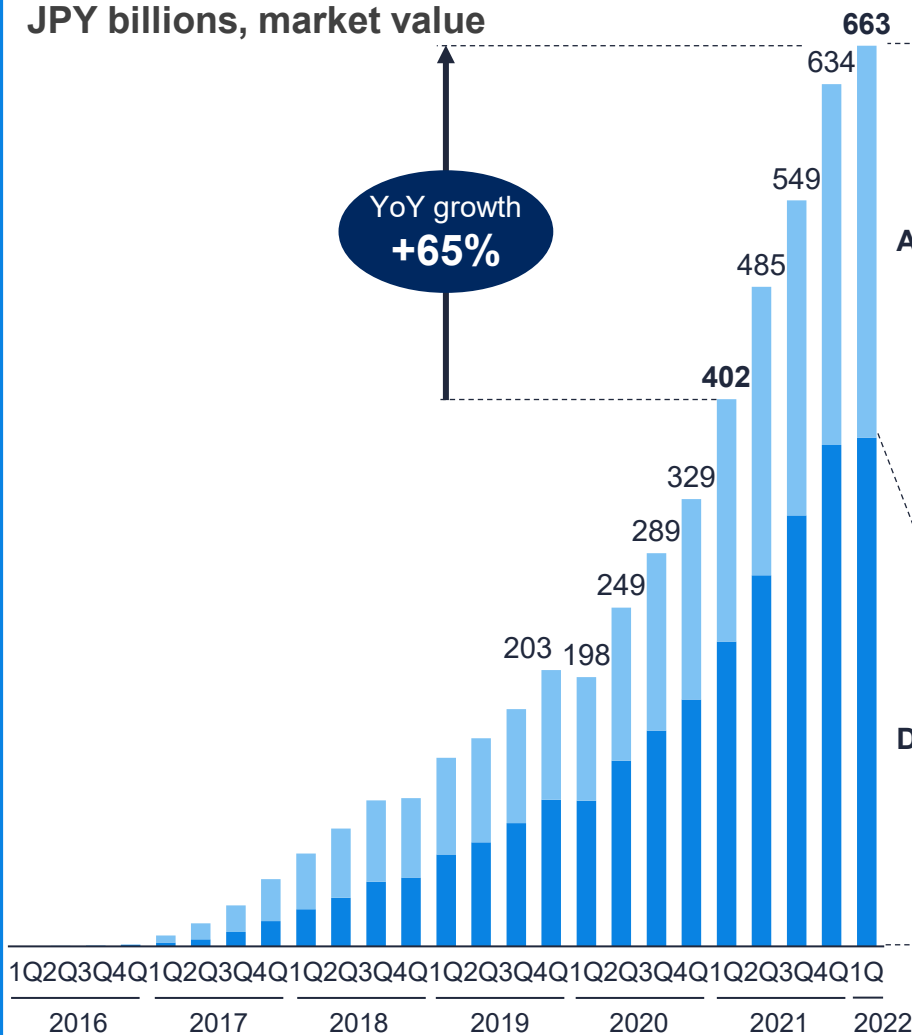
Sustainability

Appendices

# Both direct and alliance channels drive rapid growth

## AuM trend

JPY billions, market value



YoY growth  
**+65%**

Service	Partner	Launch
たいこうNavi <sup>2</sup>	TAIKO Bank	Oct. 2021
く中京くおまかせNavi <sup>2</sup>	Chukyo Bank	Aug.
夢おいNavi <sup>2</sup>	Hamamatsu Iwata Shinkin Bank	Nov. 2020
WealthNavi for 三菱UFJ銀行	MUFG Bank	Nov.
岡三Navi ハイブリッド <sup>2</sup>	Okasan Securities	Sep.
WealthNavi for 東京スター銀行	Tokyo Star Bank	Apr.
WealthNavi for ODAKYU	Odakyu	Nov. 2019
北国おまかせNavi <sup>2</sup>	Hokkoku Bank	Oct.
WealthNavi for 東京海上日動	Tokio Marine Nichido	Aug.
WealthNavi for ネオモバ	SBI Neo Mobile	Apr.
WealthNavi for auじぶん銀行	au Jibun Bank	Jan.
WealthNavi for TOKYU POINT	Tokyu	Nov. 2018
WealthNavi for JAL	JAL	May
WealthNavi for 横浜銀行	Yokohama Bank	Apr.
WealthNavi for イオン銀行	AEON Bank	Mar.
WealthNavi for ソニー銀行	Sony Bank	Dec. 2017
WealthNavi for ANA	ANA	Sep.
WealthNavi for 住信SBIネット銀行	SBI Sumishin Net Bank	Feb.
WealthNavi for SBI証券	SBI Securities	Jan.
WealthNavi		Jul. 2016

1 Channels available as of March 31, 2022.

Preparing with AEON Credit Service to offer a managed account service which enables the customer of "AEON Card" to make automated deposits by credit card

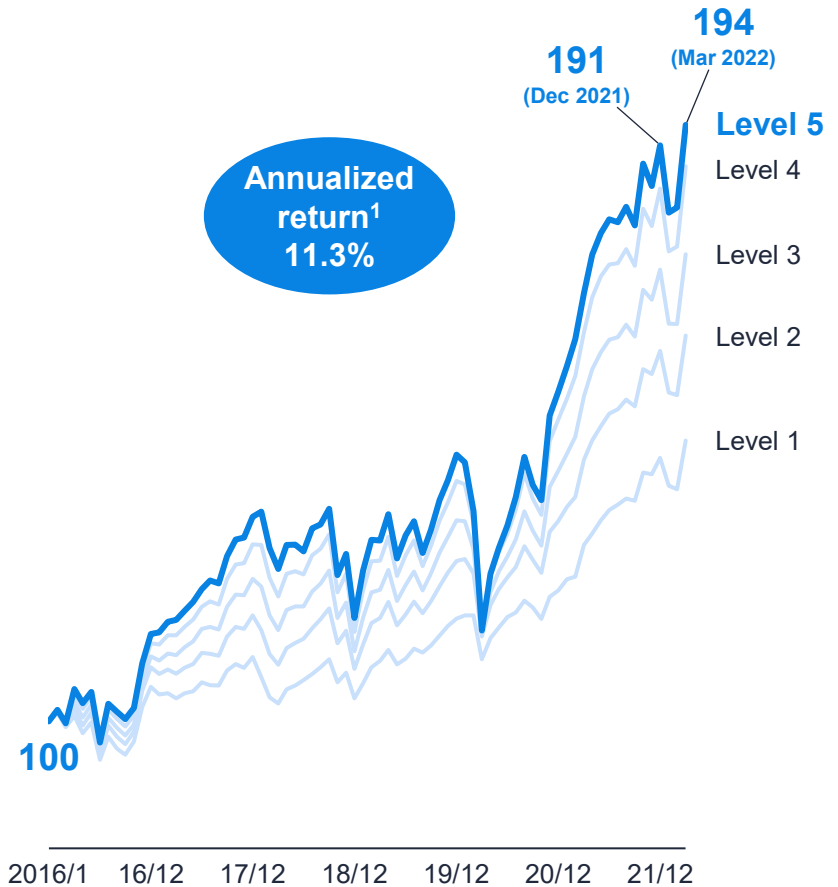
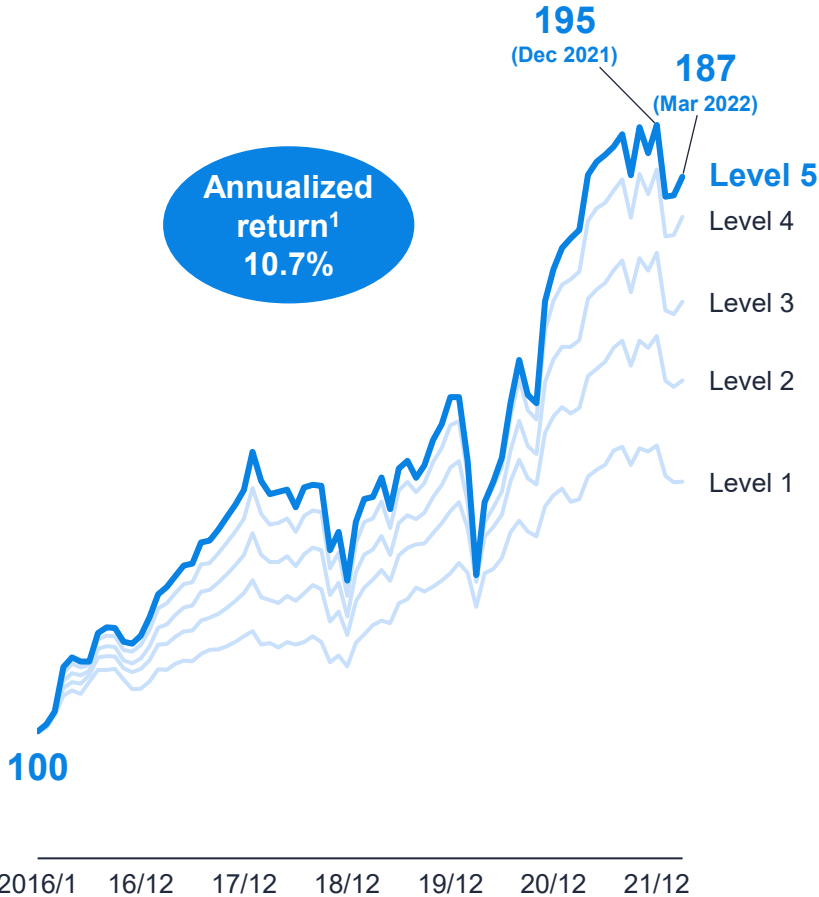
2 Managed account service with a hybrid of online and face-to-face support

# Favorable performance – positive to AuM growth

## Portfolio performance by risk tolerance level

USD-denominated, after fee

JPY-denominated, after fee



<sup>1</sup> Shows the annualized return of level 5, which 46% of users choose as of June 30, 2021

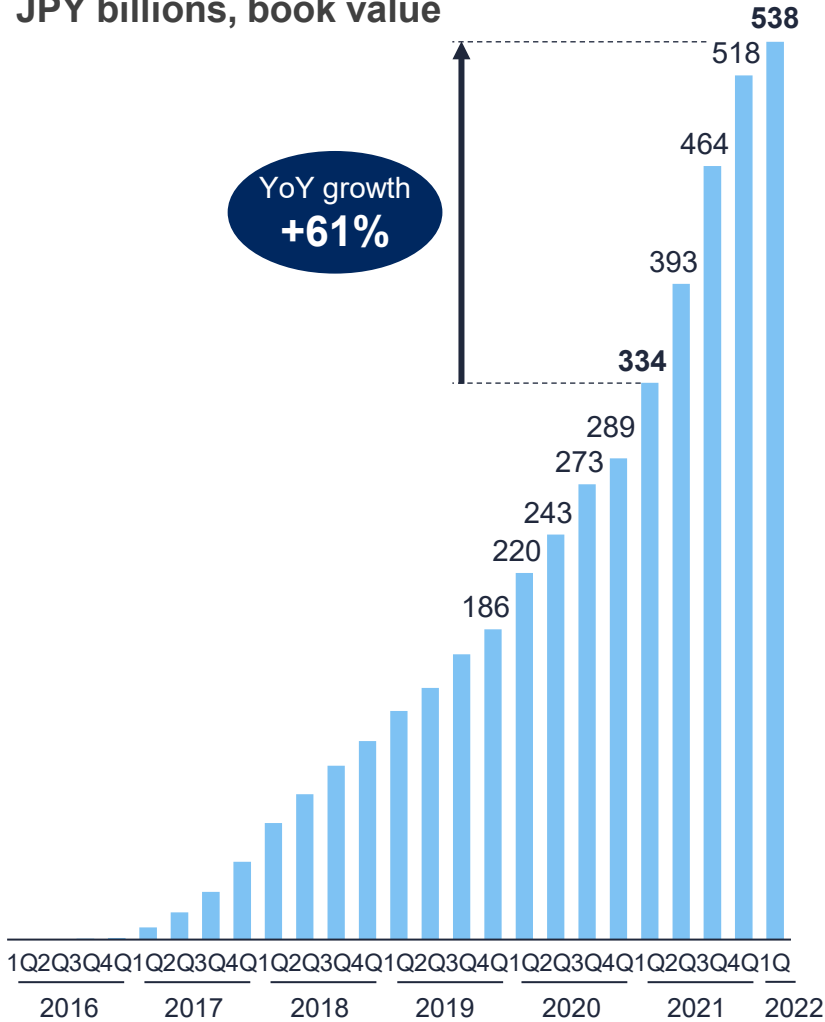
Notes: The investment performance is calculated by normalizing investment return of each wealth management plan setting the service launch date (January 19, 2016) to 100. In the performance calculation, the annual fee of 1% (1.1% including tax) of asset under management excluding cash is deducted from the daily return. Note that cash ratio is assumed to be 2%. No additional investment is assumed. Dividends are assumed to be reinvested on the ex-dividend date. Rebalancing is assumed to be carried out every six months. No consideration for taxes on dividends and capital gains from rebalancing.

# Book-value AuM and number of users are growing

## Book-value AuM

JPY billions, book value

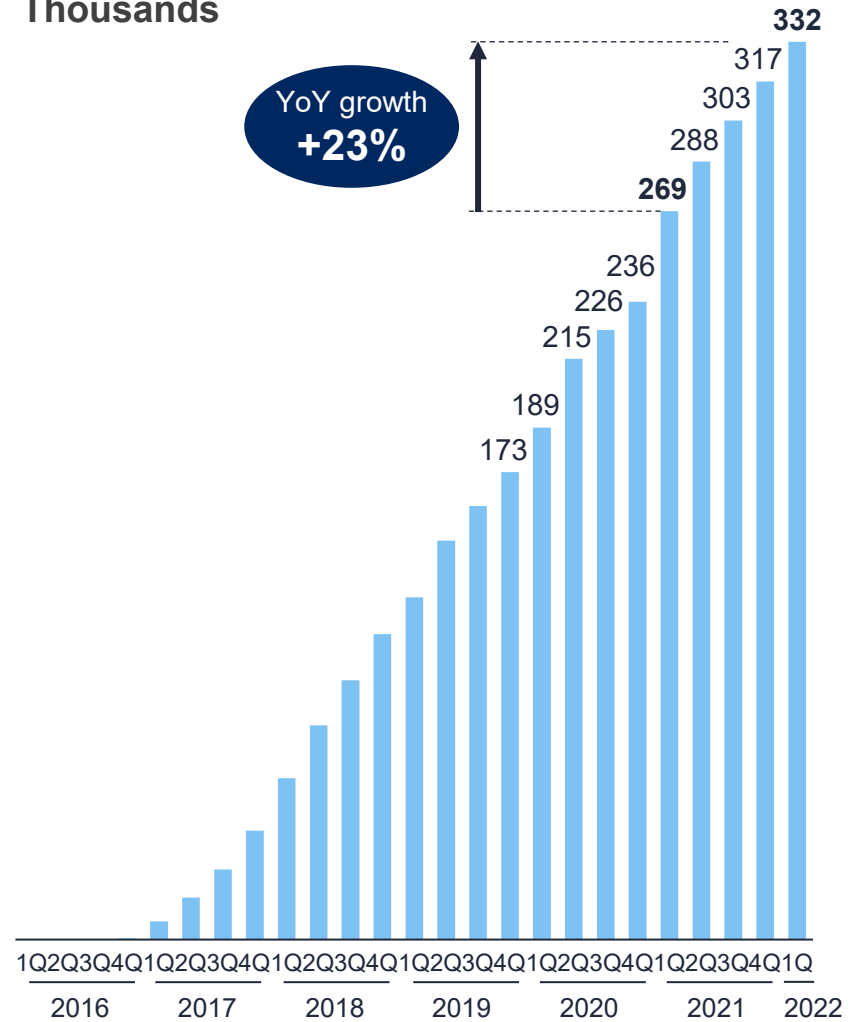
YoY growth  
**+61%**



## Number of users

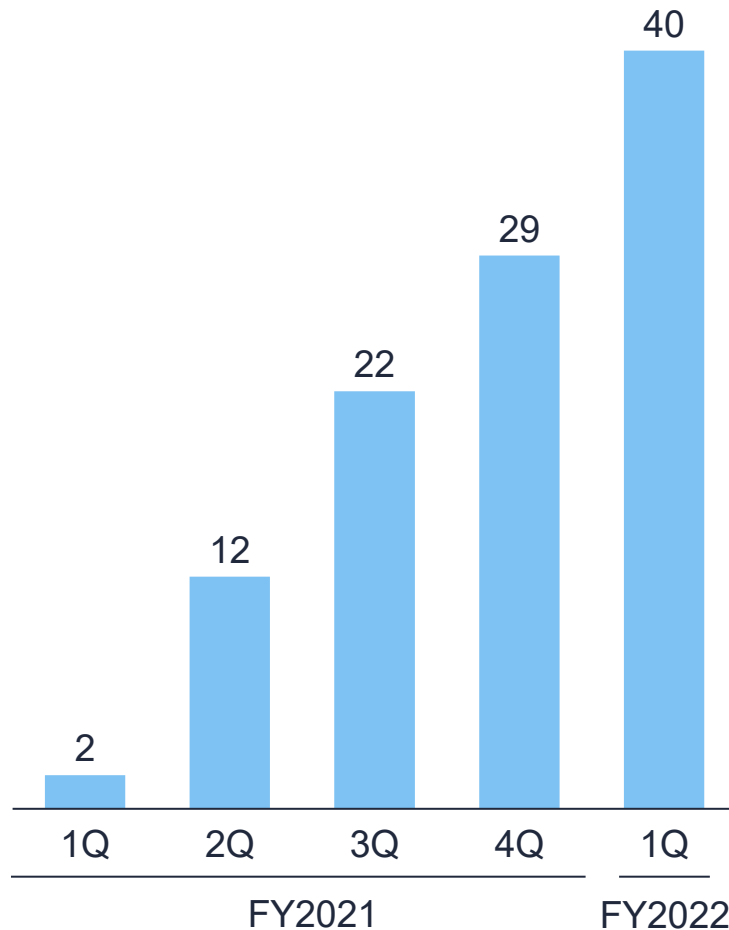
Thousands

YoY growth  
**+23%**

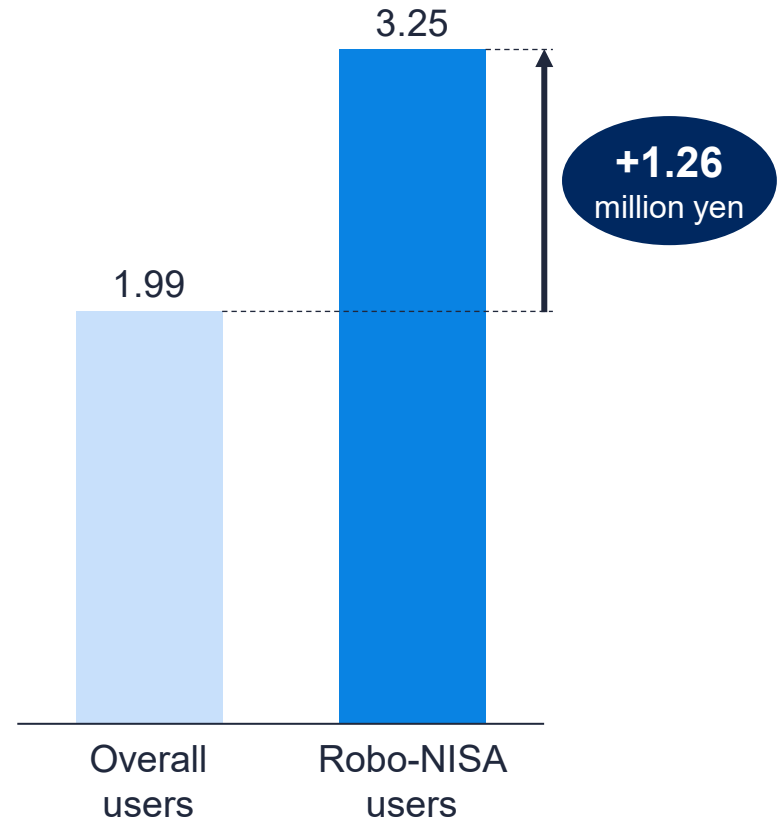


# Robo-NISA contributes to AuM growth

**Number of “Robo-NISA” users**  
Quarterly; thousands



**AuM per user<sup>1,2</sup>**  
JPY million; Mar. 2022



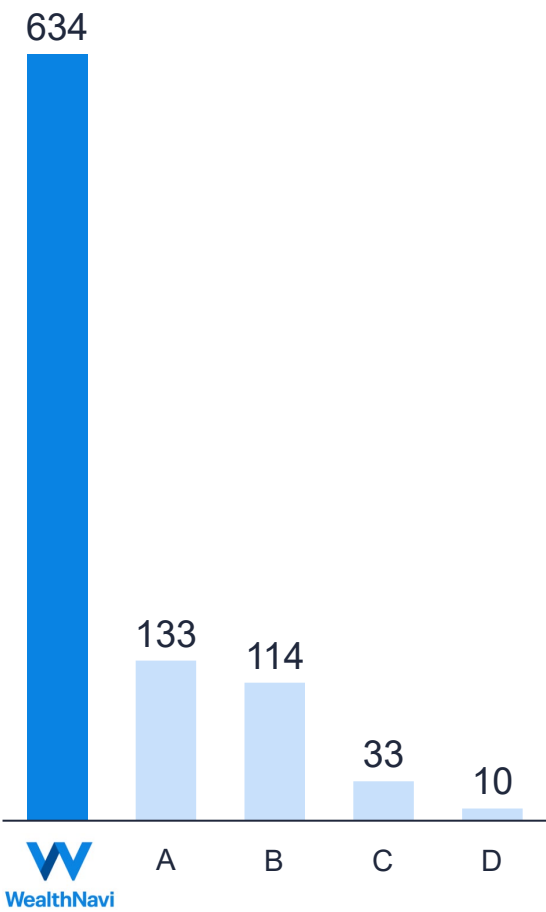
<sup>1</sup> AuM per user is calculated as follows. For overall average, dividing total AuM by the number of users. For average of Robo-NISA users, dividing total AuM of Robo-NISA users, a sum of regular account and NISA account, by the number of Robo-NISA users

<sup>2</sup> Excluding users with AuM of 1 billion yen and above

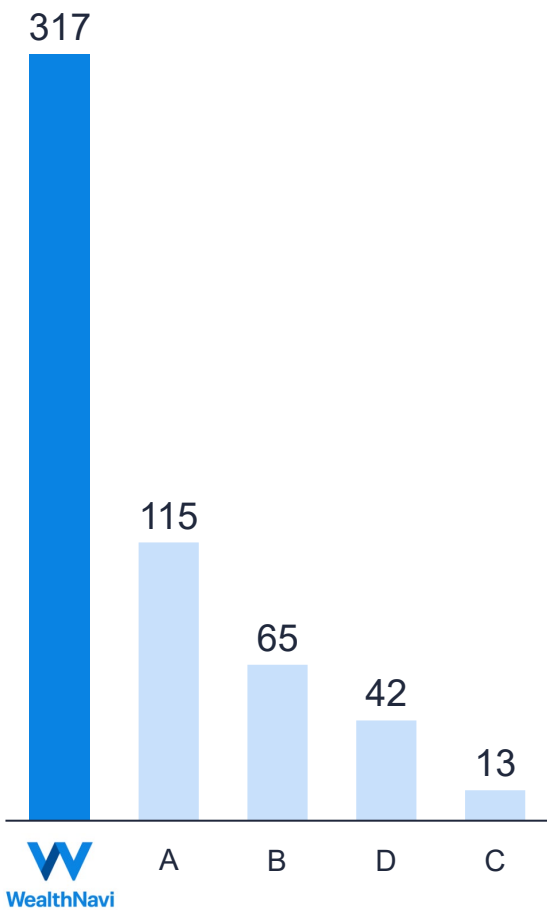


# WealthNavi is the leading robo-advisor in Japan

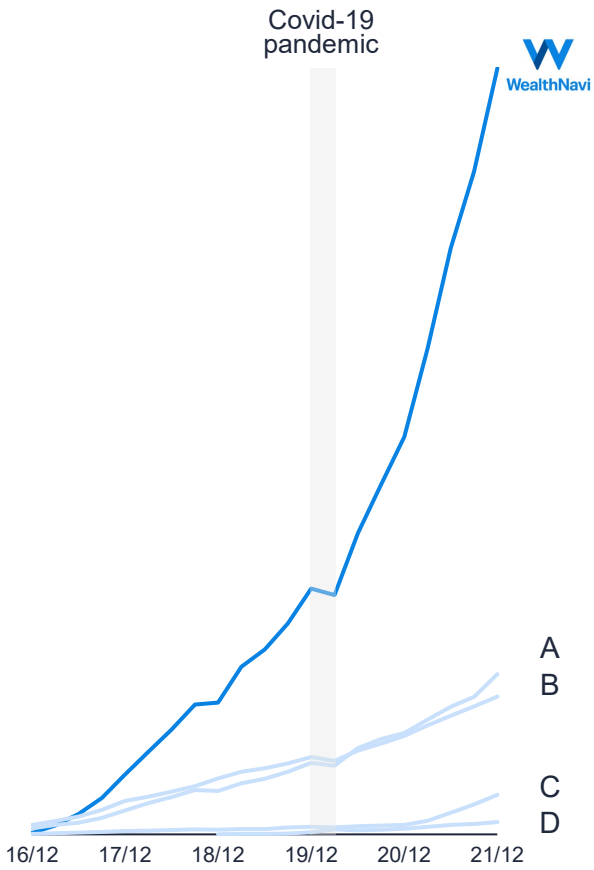
**AuM**  
JPY billions; Dec. 2021



**Number of users**  
Thousands; Dec. 2021



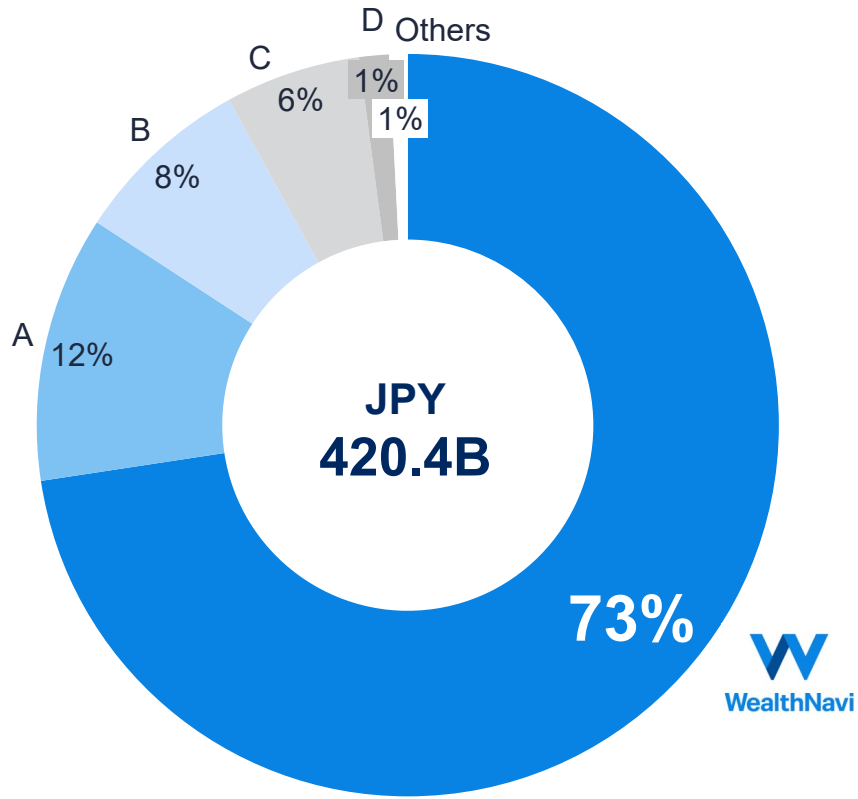
**AuM trend**  
Dec. 2016 to Dec. 2021



Source: WealthNavi analysis based on Japan Investment Advisers Association, "Contract Asset Status, March 2022". AuM of Company A to D include those under "discretionary investment business".

# Distinct market leader – with 73% of total AuM growth of robo-advisors over a 12-month period

Increase in AuM of domestic robo-advisors  
Dec. 2020 to Dec. 2021



WealthNavi accounts for 73% of the total AuM growth of robo-advisors over a 12-month period to December 2021

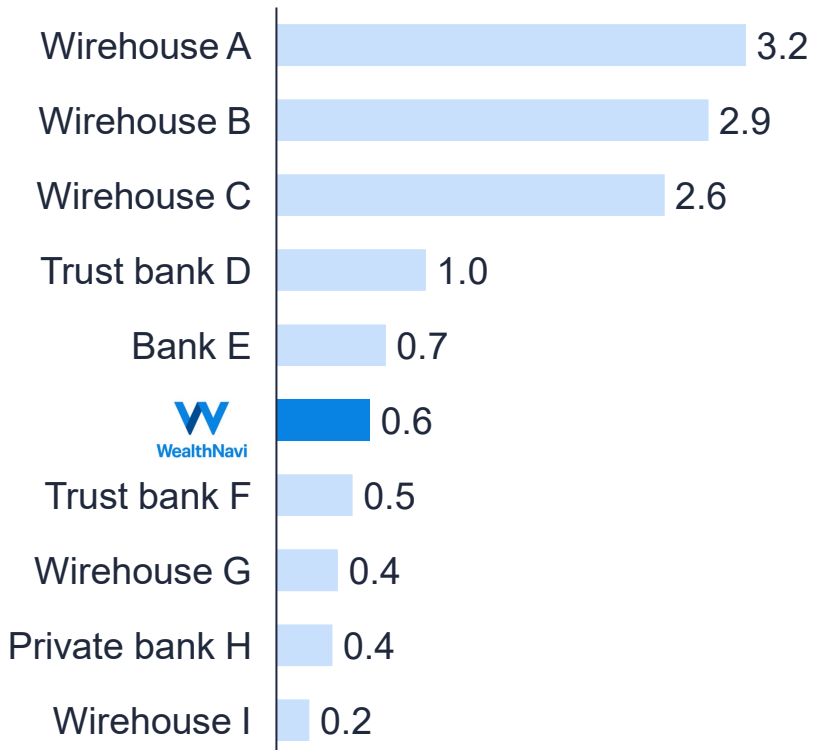
Source: WealthNavi analysis based on Japan Investment Advisers Association's "Contract Asset Status, March 2022". AuM of Company A, B, C, D and other companies include those under "discretionary investment business."

# Unlike other major managed account services, WealthNavi focuses on supporting working families

## Top 10 managed account services in Japan ranked by AuM

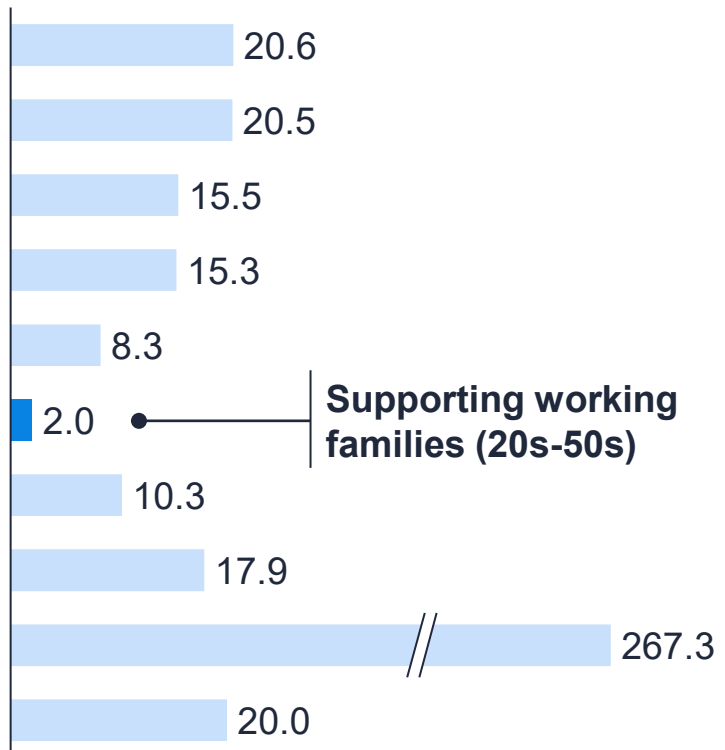
### AuM

JPY trillions; Dec. 2021



### AuM per user

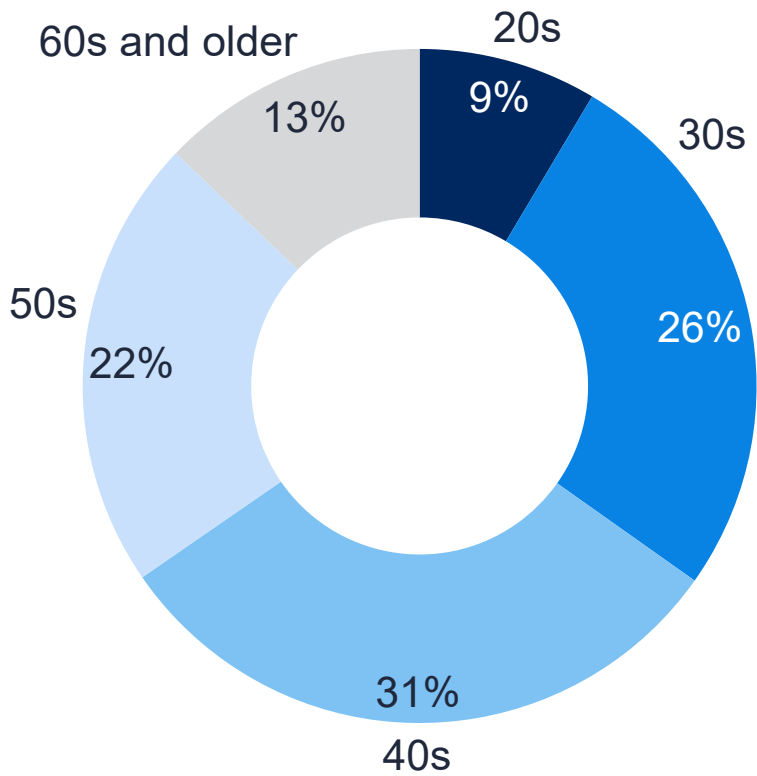
JPY millions; Dec. 2021



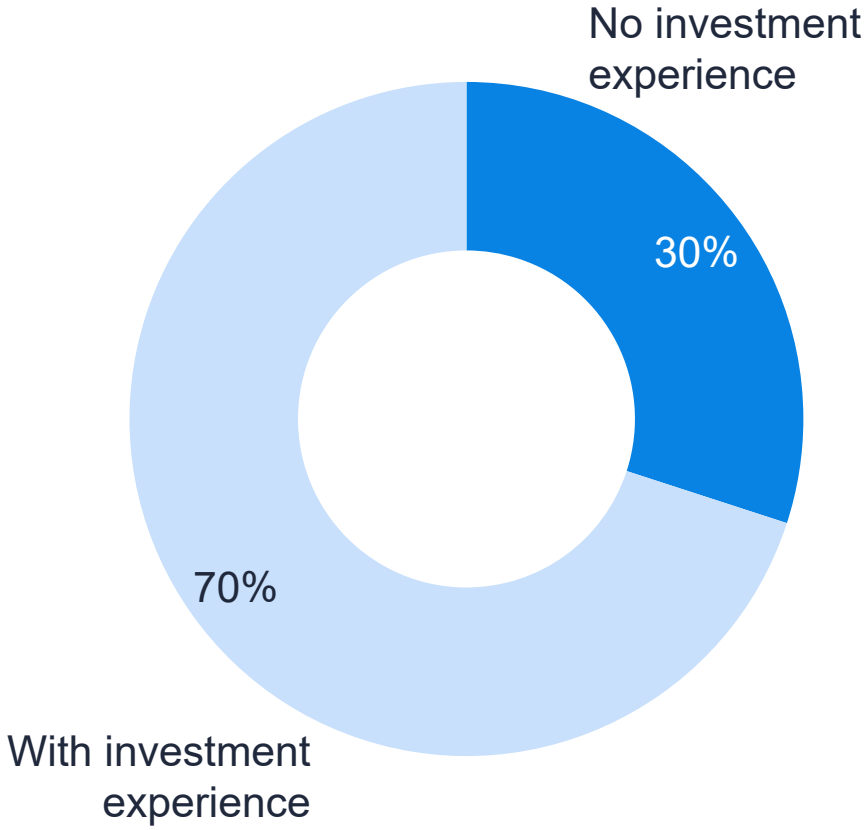
Source: WealthNavi analysis based on websites of the companies listed as "wrap account" managers on Japan Investment Advisers Association, "Contract Asset Status, March 2022"

# Approximately 90% of users are 20s-50s, and about 30% have no investment experience

**% of users by age<sup>1</sup>**



**% of investment experience<sup>2</sup>**

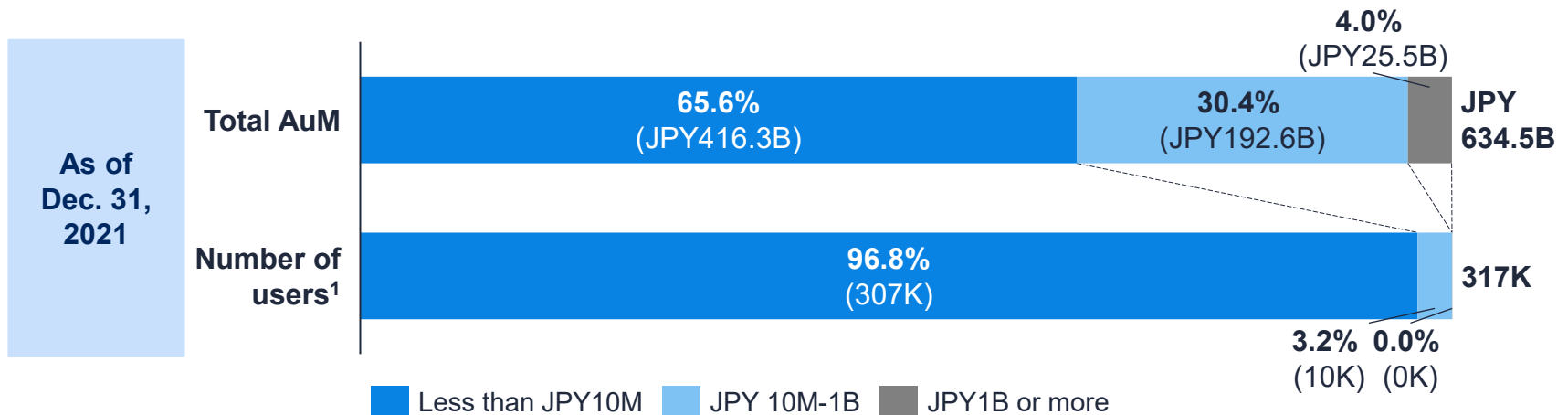
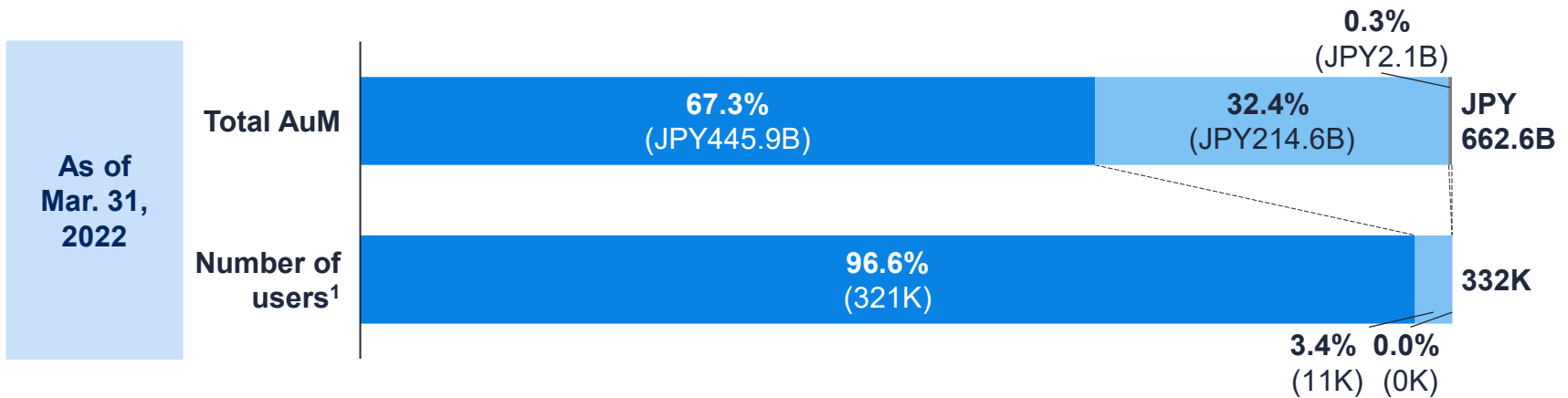


<sup>1</sup> % of account holders by age as of March 31, 2022 (rounded to the nearest whole number)

<sup>2</sup> % of answers to the question, "Do you have any investment experience in stocks, mutual funds, foreign currency deposits, FX, and bonds?" at the time of application, among account holders as of March 31, 2022 (rounded to the nearest whole number)

# Users investing less than JPY 10M in WealthNavi constitutes nearly 67% of the total AuM, 97% of the total users

% of AuM and users by the amount invested in WealthNavi per user

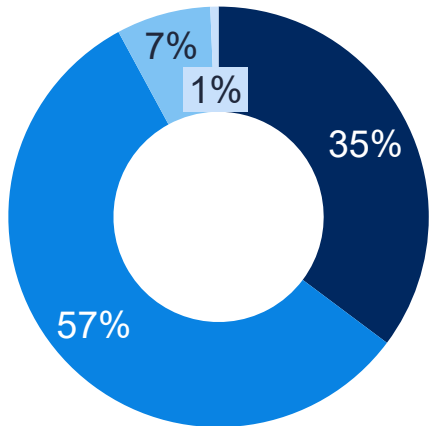


<sup>1</sup> "Users" refers to a customer who has AuM of 1 yen or more

# Vast majority of users are satisfied with WealthNavi, and intend to use it for a long period of time

## User satisfaction<sup>1</sup>

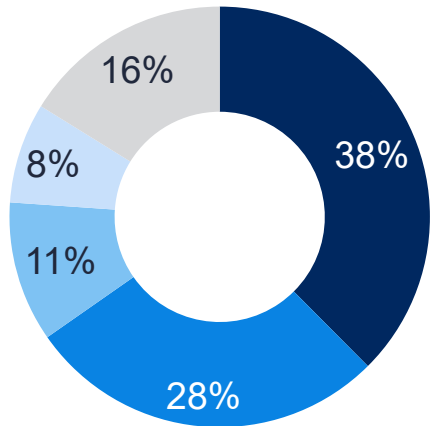
•92% of users are satisfied with WealthNavi



- Very satisfied
- Somewhat satisfied
- Somewhat unsatisfied
- Very unsatisfied

## Expected years of use<sup>2</sup>

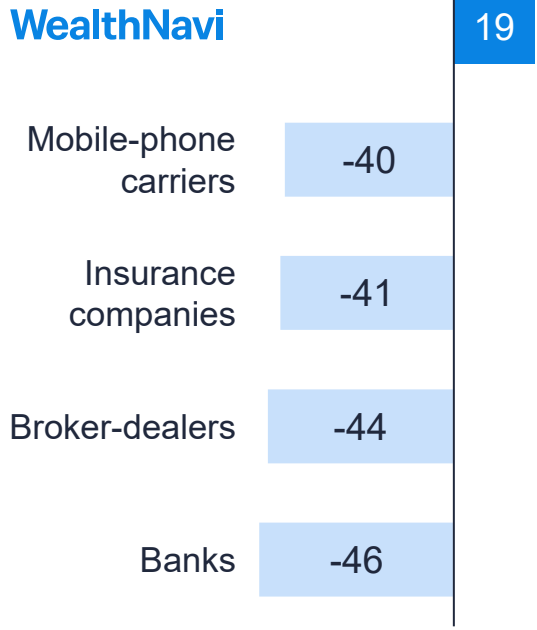
•66% intend to use for 10 years or more



- 20 years or more
- 10-20 years
- 5-10 years
- Less than 5 years
- Undecided

## NPS<sup>3</sup>

•WealthNavi has a high score compared to mobile-phone carriers associated with long-term use and other financial services



<sup>1</sup> Based on the answer to the question "Please rate your satisfaction with WealthNavi" in the questionnaire conducted by WealthNavi in April 2022  
<sup>2</sup> Based on the answer to the question "How long do you plan to use WealthNavi?" in the questionnaire conducted by WealthNavi in April 2022. The result is weighted according to the age distribution of users (rounded to the nearest whole number)  
<sup>3</sup> Net Promoter Score measures customer experience by asking how likely he/she would recommend a brand to a friend or colleague and is calculated by subtracting the percentage of detractors from the percentage of promoters. WealthNavi's NPS is calculated based on the results of user experience questionnaire conducted by WealthNavi from April 2021 to March 2022. NPS of other services are from the Financial Service Authority's "Customer awareness survey on sales of risk-bearing financial products" in August 2019

# Agenda

1Q FY2022 business highlights

**1Q FY2022 financial highlights**

FY2022 full-year forecast

Sustainability

Appendices

# Steady progress in 1Q

- Maintained high growth in operating revenue even under volatile markets
- Slight decline in operating profit excluding advertising expenses with investments for growth
- Significant improvement in operating loss

## Financial results

JPY millions

	1Q FY2022	1Q FY2021		4Q FY2021	
	Actuals	Actuals	YoY	Actuals	QoQ
<b>Operating revenue</b>	<b>1,461</b>	<b>897</b>	<b>+62.9%</b>	<b>1,436</b>	<b>+1.7%</b>
-) Revenue sharing	258	158	+63.2%	248	+4.0%
-) Transaction-linked expenses	201	153	+31.8%	173	+16.3%
-) Personnel expenses	350	238	+47.2%	325	+7.5%
-) Real estate related expenses, etc.	192	143	+34.4%	214	-10.1%
<b>Operating profit excluding advertising expenses</b>	<b>458</b>	<b>204</b>	<b>+123.9%</b>	<b>474</b>	<b>-3.4%</b>
-) Advertising expenses	492	328	+50.0%	639	-22.9%
<b>Operating profit</b>	<b>(34)</b>	<b>(123)</b>	<b>—</b>	<b>(164)</b>	<b>—</b>

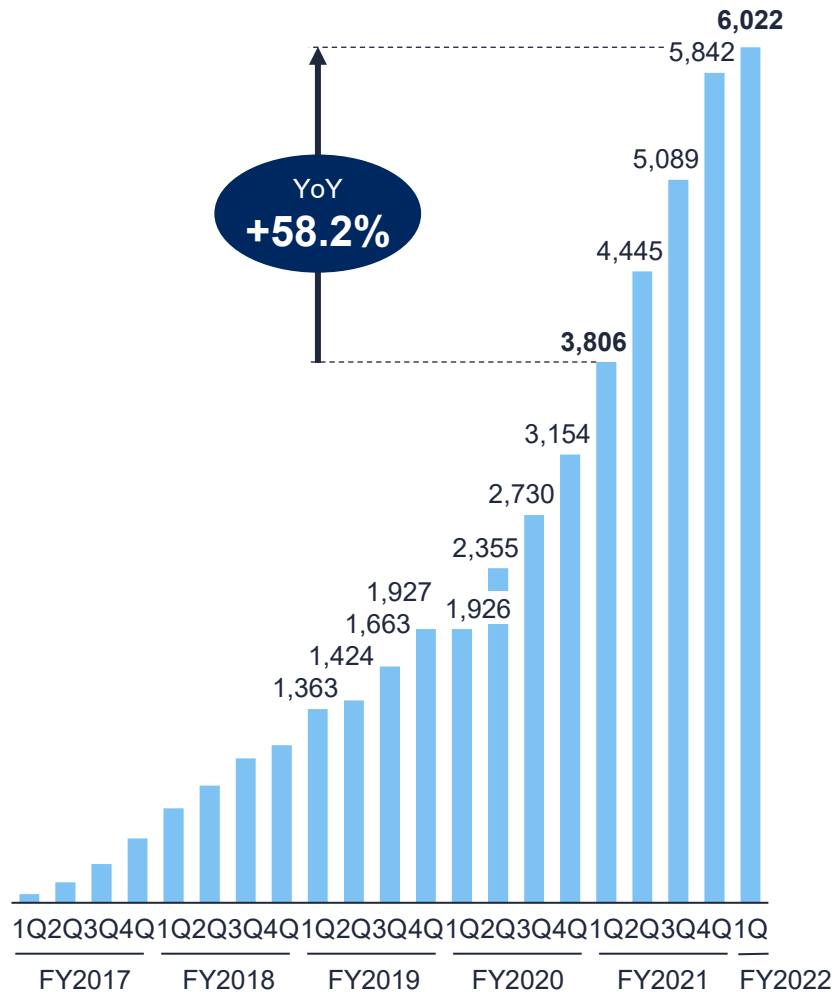
Note: Fractions of one million yen are rounded down



# Continued growth in ARR and operating revenue

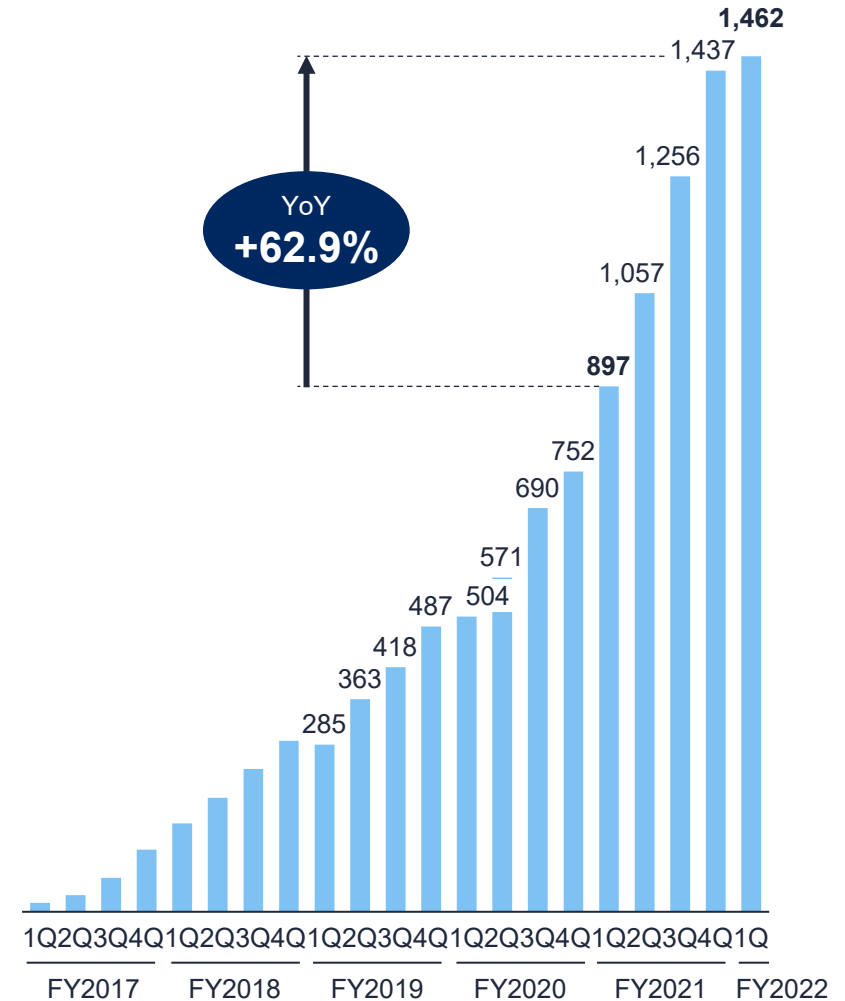
## ARR

Quarterly; JPY millions



## Operating revenue

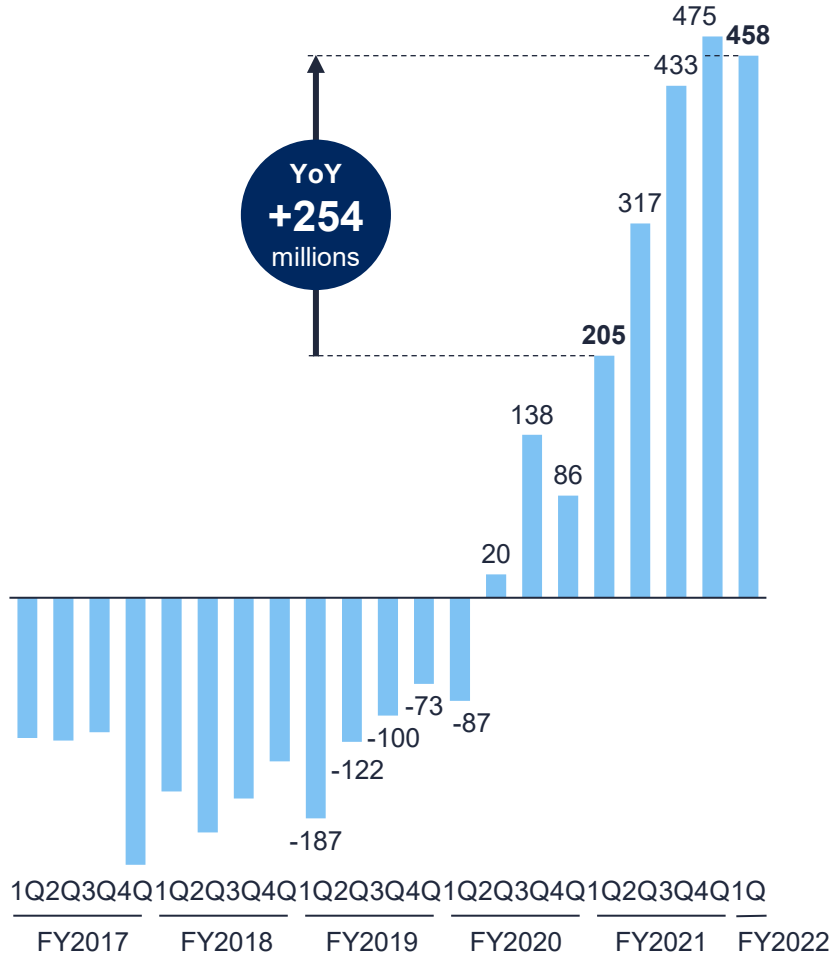
Quarterly; JPY millions



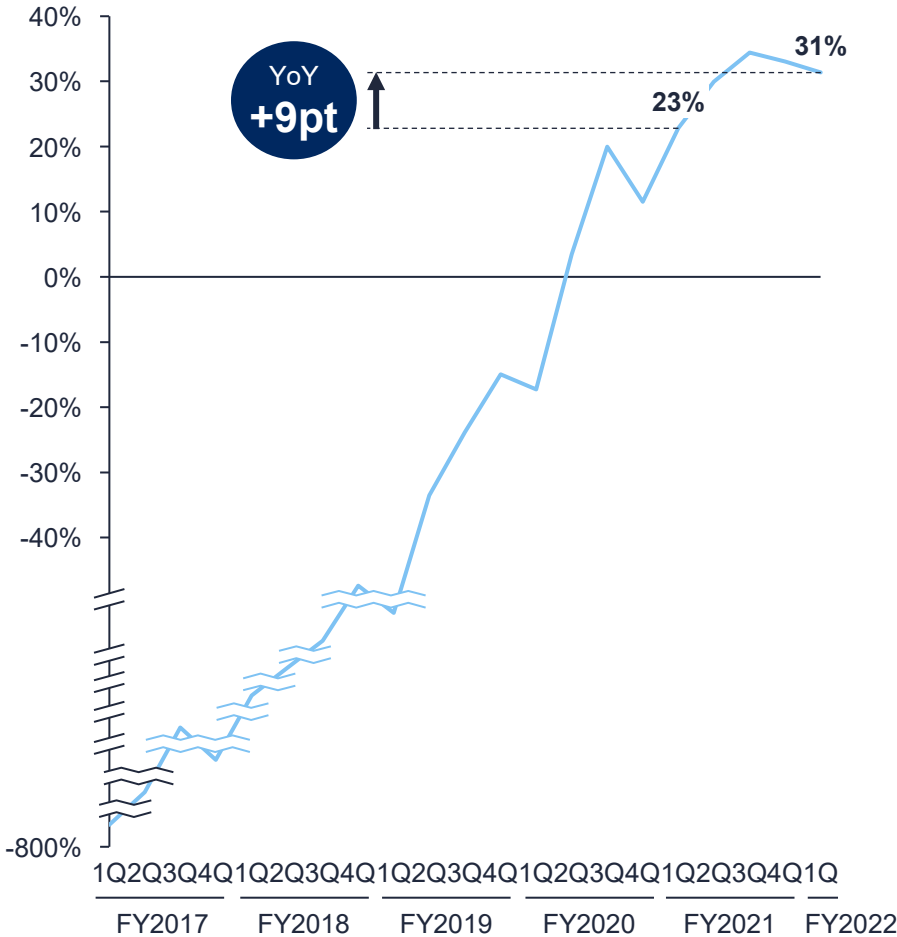
Note: **A**nual **R**ecurring **R**evue. Calculated by multiplying monthly recurring revenue (MRR : **M**onthly **R**ecurring **R**evue) before deducting revenue sharing in the last of each quarter by 12

# Operating profit excluding advertising expenses consistently in the black

Operating profit excluding advertising expenses  
Quarterly; JPY millions



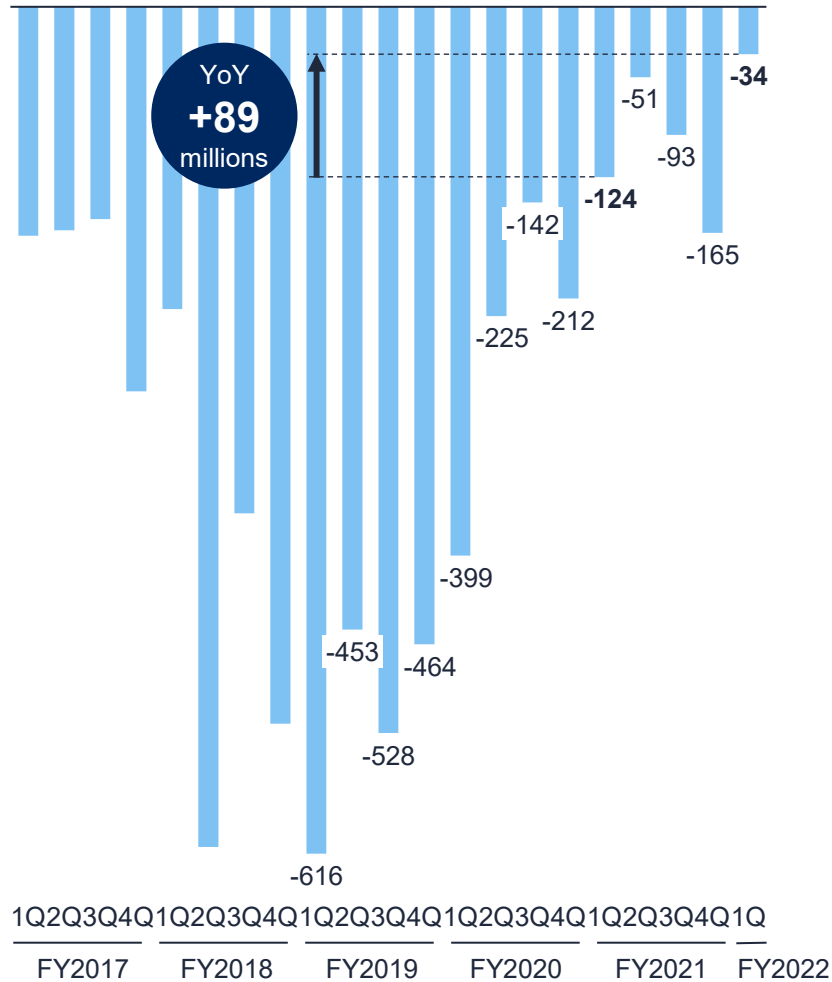
Operating profit margin excluding advertising expenses  
Quarterly; %



# Operating loss shrunk temporarily

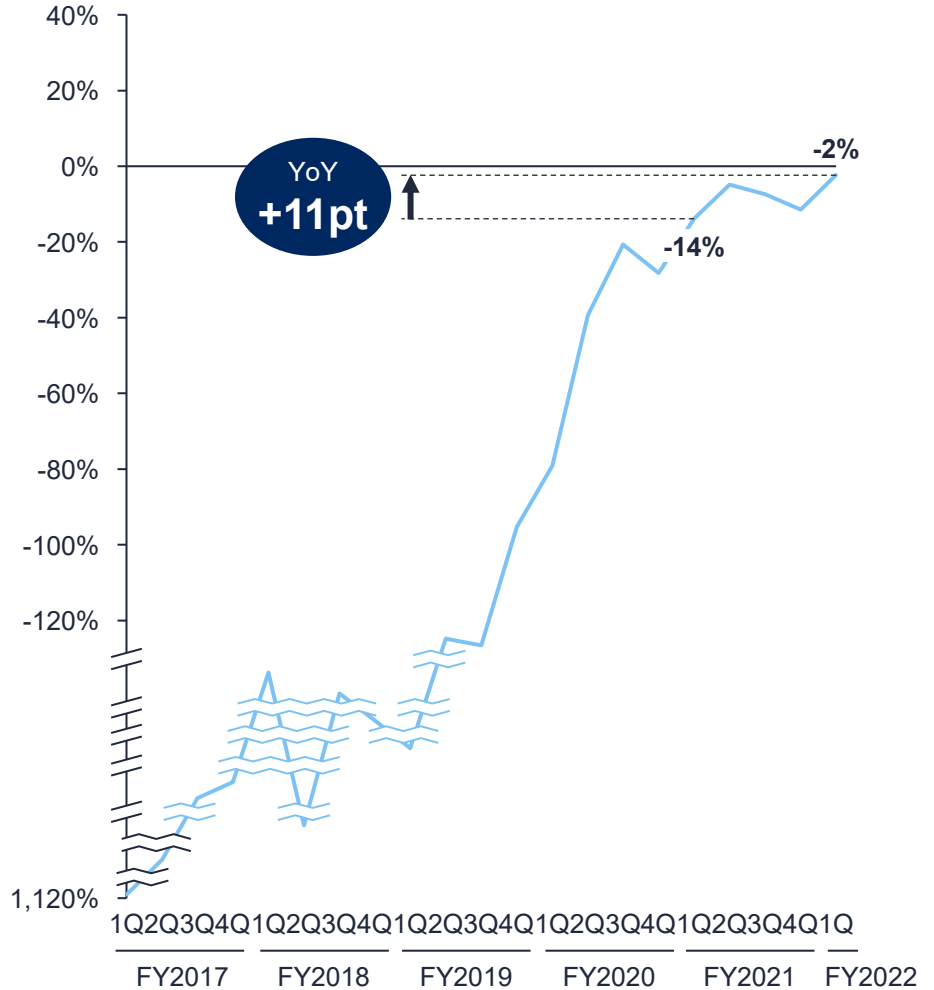
## Operating profit

Quarterly; JPY millions



## Operating profit margin

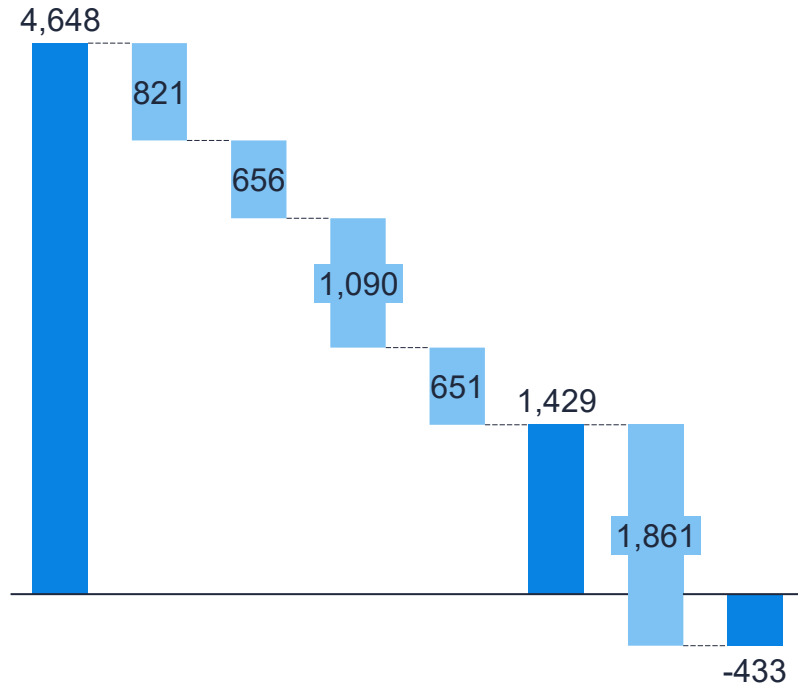
Quarterly; %



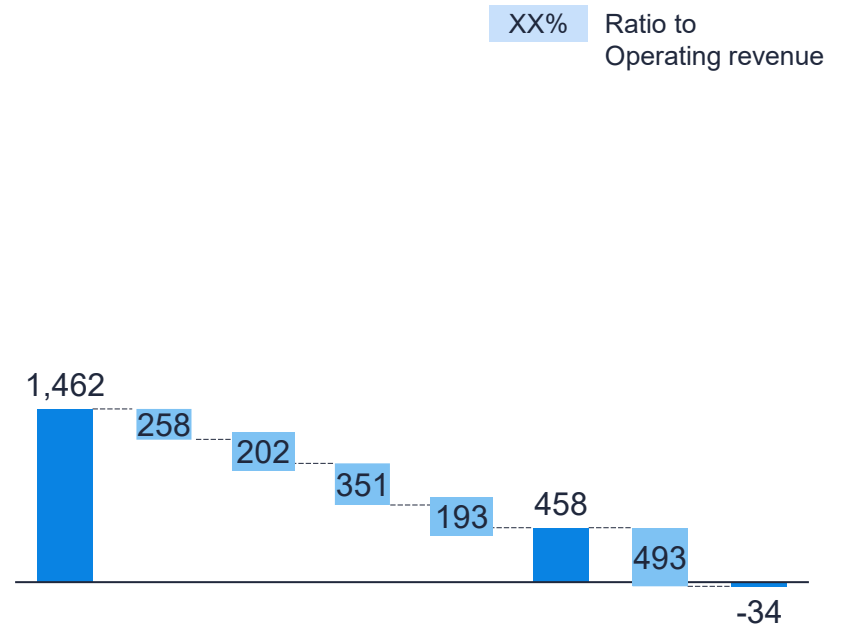
# Expense continued to improve compared to that of FY2021

## Breakdown of revenue and expenses

FY2021; JPY millions



1Q FY2022; JPY millions



1 "RS" represents revenue sharing with alliance partners

2 "Transaction-linked expenses" include account opening expenses, fees of instant deposits, automated deposits and withdrawals

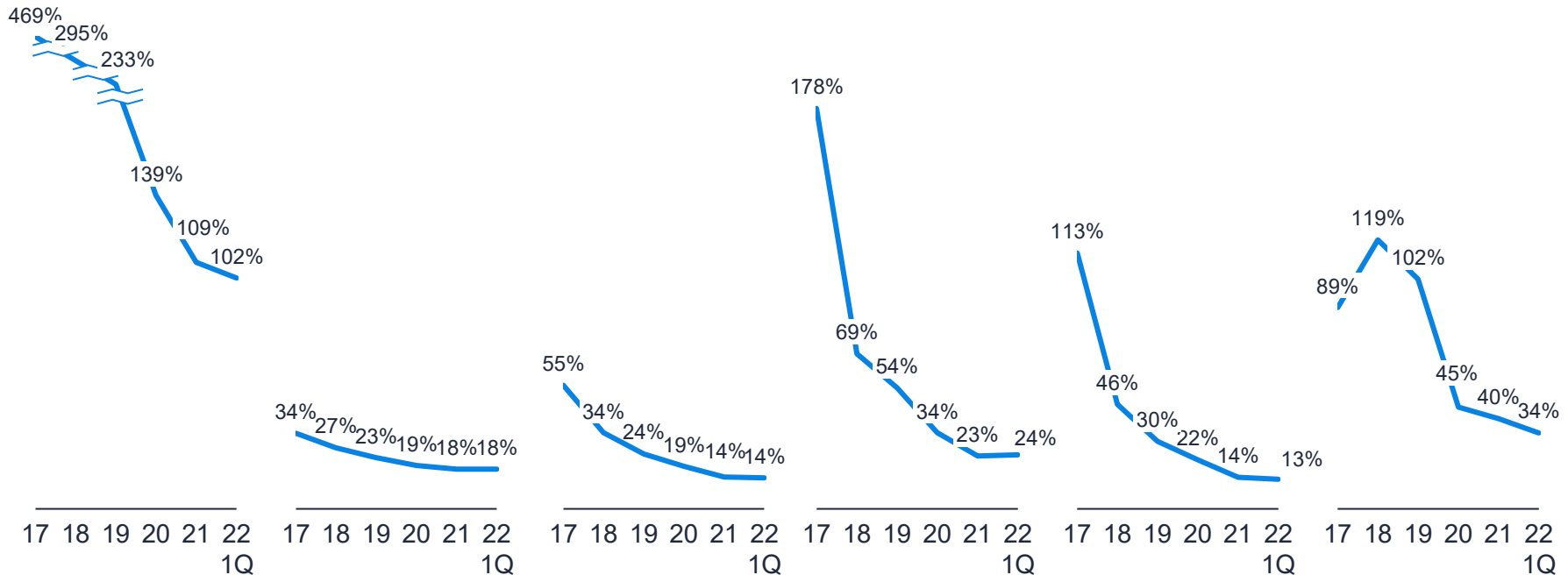
3 "Real estate related expenses, etc." include real estate related expenses, server costs, other sales and administrative expenses

# Cost structure improved while investing for growth

- Revenue sharing: unchanged due to growth in hybrid service with face-to-face support
- Transaction-linked expenses: expected to improve the efficiency in 2Q and beyond
- Personnel expenses: increased to accelerate new product/function development
- Real estate and advertising expenses: improved in 1Q and expected to increase in 2Q due to office expansion and enhanced TV promotions respectively

## Operating revenue ratio

$$\text{Total expenses} = \text{Revenue sharing} + \text{Transaction-linked expenses}^1 + \text{Personnel expenses} + \text{Real estate related expenses, etc.}^2 + \text{Advertising expenses}$$



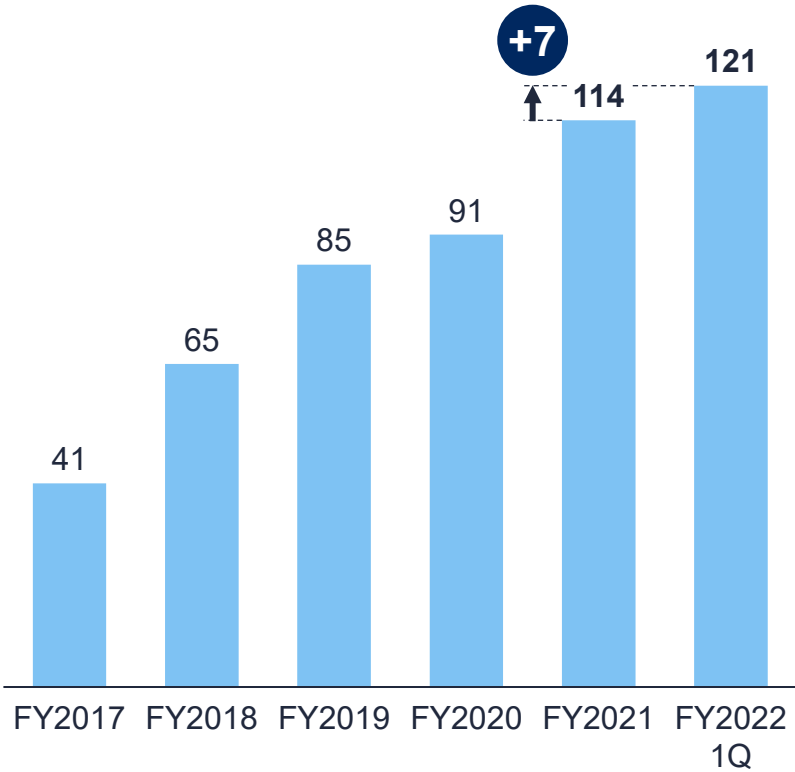
1 "Transaction-related expenses" include account opening expenses, deposit/recurring/withdrawal fees, etc.

2 "Real estate related expenses, etc." includes real estate related expenses, server expenses, other sales and administration expenses, etc.

# Strengthen recruitment across functions for sustainable growth

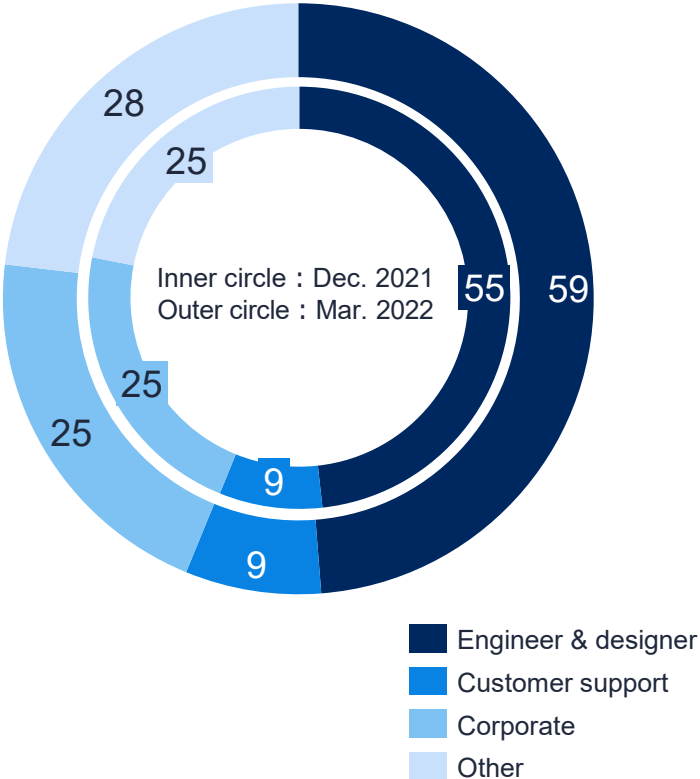
- Continue to strengthen recruitment of engineers & designers and sales & marketing talents in order to accelerate the existing business as well as developing new businesses

## Number of employees



## Breakdown of full-time staff by function

As of Dec. 2021 and Mar. 2022



# Financial statements

## Income statements

Quarterly; JPY millions

	FY2019				FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Operating revenue</b>	<b>285</b>	<b>362</b>	<b>417</b>	<b>486</b>	<b>504</b>	<b>571</b>	<b>689</b>	<b>751</b>	<b>897</b>	<b>1,056</b>	<b>1,256</b>	<b>1,436</b>	<b>1,461</b>
-) Revenue sharing	76	85	92	99	109	114	122	139	158	192	222	248	258
-) Transaction-linked expenses	91	88	99	98	125	108	118	122	153	163	165	173	201
-) Personnel expenses	191	206	209	226	224	209	186	228	238	248	277	325	350
-) Real estate related expenses, etc.	112	103	114	134	131	118	123	175	143	135	158	214	192
<b>Operating profit excluding advertising expenses</b>	<b>(186)</b>	<b>(121)</b>	<b>(99)</b>	<b>(72)</b>	<b>(87)</b>	<b>19</b>	<b>137</b>	<b>86</b>	<b>204</b>	<b>316</b>	<b>432</b>	<b>474</b>	<b>458</b>
-) Advertising expenses	429	331	428	391	312	244	280	298	328	367	525	639	492
<b>Operating profit</b>	<b>(616)</b>	<b>(453)</b>	<b>(528)</b>	<b>(463)</b>	<b>(399)</b>	<b>(224)</b>	<b>(142)</b>	<b>(212)</b>	<b>(123)</b>	<b>(51)</b>	<b>(93)</b>	<b>(164)</b>	<b>(34)</b>

### Operating revenue ratio

-) Revenue sharing	27%	24%	22%	20%	22%	20%	18%	18%	18%	18%	18%	17%	18%
-) Transaction-linked expenses	32%	24%	24%	20%	25%	19%	17%	16%	17%	15%	13%	12%	14%
-) Personnel expenses	67%	57%	50%	47%	45%	37%	27%	30%	27%	24%	22%	23%	24%
-) Real estate related expenses, etc.	40%	29%	28%	28%	26%	21%	18%	23%	16%	13%	13%	15%	13%
<b>Operating profit excluding advertising expenses</b>	<b>-65%</b>	<b>-34%</b>	<b>-24%</b>	<b>-15%</b>	<b>-17%</b>	<b>3%</b>	<b>20%</b>	<b>11%</b>	<b>23%</b>	<b>30%</b>	<b>34%</b>	<b>33%</b>	<b>31%</b>
-) Advertising expenses	150%	91%	103%	80%	62%	43%	41%	40%	37%	35%	42%	44%	34%
<b>Operating profit</b>	<b>-216%</b>	<b>-125%</b>	<b>-127%</b>	<b>-95%</b>	<b>-79%</b>	<b>-39%</b>	<b>-21%</b>	<b>-28%</b>	<b>-14%</b>	<b>-5%</b>	<b>-7%</b>	<b>-11%</b>	<b>-2%</b>

Note: Fractions of one million yen are rounded down

# Agenda

1Q FY2022 business highlights

1Q FY2022 financial highlights

**FY2022 full-year forecast**

Sustainability

Appendices



# No change in earnings forecast for FY2022

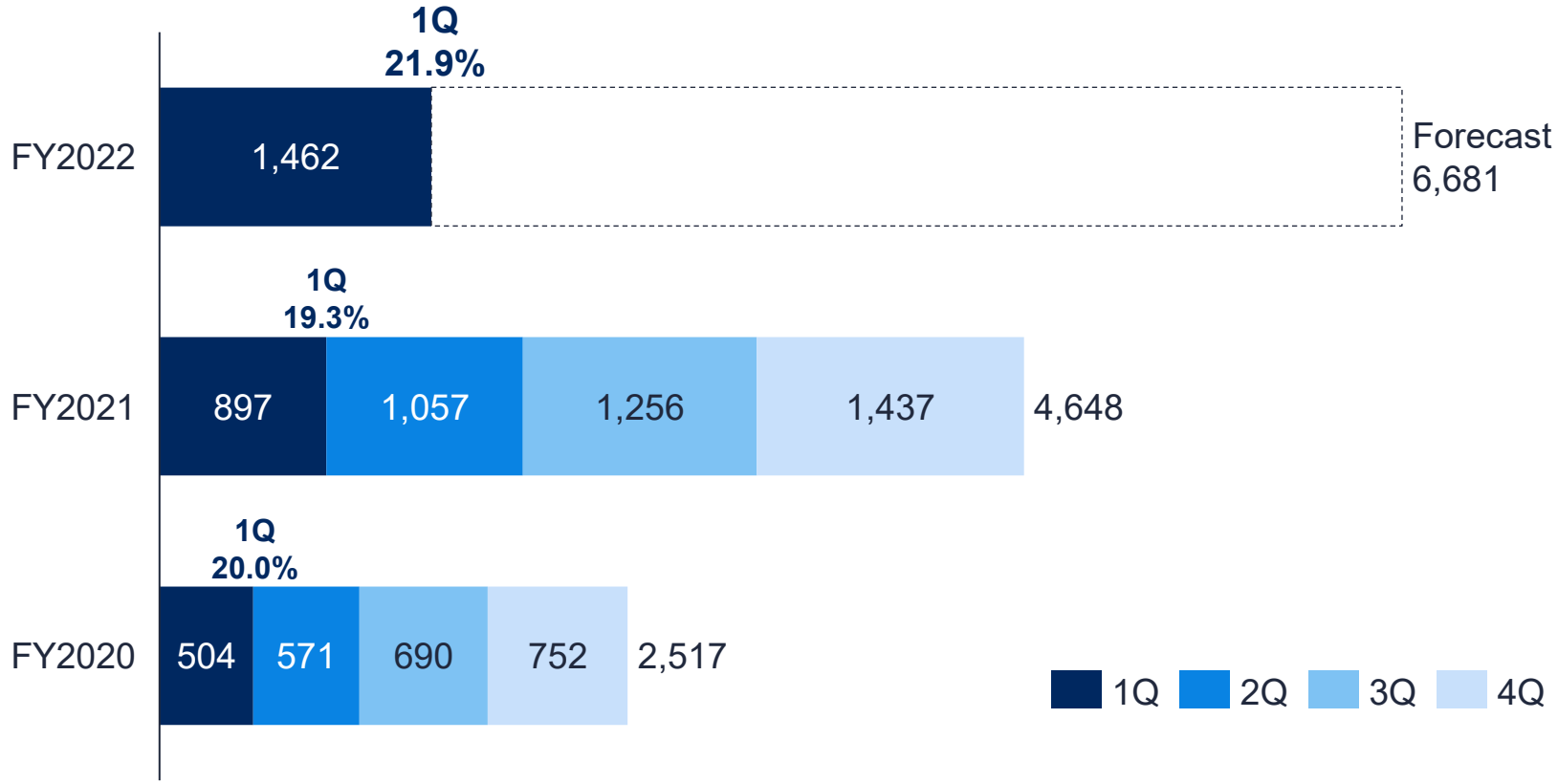
- Our goal is to maximize mid/long-term free cash flow. To this end, we proactively invest in development of our talents, brand and customer base to fully realize our growth potential
- As a result of prospective growth of our AuM and operating revenue, we expect to turn into the black on a quarterly 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

		<b>Forecast</b>	<b>Actual</b>	
		<b>FY2022 full-year</b>	<b>FY2021</b>	<b>FY2020</b>
<b>Operating revenue</b>		JPY 6,681 million YoY: +44%	JPY 4,648 million YoY: +85%	JPY 2,517 million YoY: +62%
<b>AuM (Reference)</b>	<b>Market value</b>	JPY 860.2 billion <sup>1</sup> YoY: +36%	JPY 634.5 billion YoY: +93%	JPY 329.1 billion YoY: +62%
	<b>Book value</b>	JPY 779.0 billion YoY: +50%	JPY 518.2 billion YoY: +80%	JPY 288.7 billion YoY: +55%

<sup>1</sup> Gap between market value and book value is fixed at the level of the end of January 2022 or 81.3 billion yen.

# Steady progress toward earnings forecast...

**Progress to operating revenue forecast**  
FY2020-FY2022; JPY millions



# ...along with key assumptions

- On track
- At risk
- Immediate action needed

## Key assumptions as of February 2022

## Progress to date

### Operating revenue

- Pursues aggressive, yet disciplined, advertising during 1H to gain brand recognition as well as to conduct test marketing
- Marketing strategy for 2H is to be determined depending on trials in 1H
- Targets to launch 3-4 services with new alliance partners

- • Spent JPY492 million in 1Q and expecting to launch a new TVCM in 2Q
- No change in the plan to decide the 2H marketing strategy after 1H trials
- • Good progress made in developing a new service with AEON Credit Service
- Continuing activities for new partner acquisition

### Operating profit<sup>1</sup>

- Increases the number of staff to 144 at the year end, adding 30 people. Continues to actively hire to accelerate the existing business as well as to expand new businesses, while fortifying talent density
- Plans to expand the office (cost and timing is to be finalized)
- Proactively invests in system security enhancement

- • Increased by 7 FTEs in 1Q
- • Office expansion to be completed in 2Q
- • Progress made to introduce zero-trust security solutions

<sup>1</sup> Forecast of operating profit is to be reported with 2Q earnings announcement

# KPIs set to achieve our mission “Helping working families build wealth”

“Helping working families build wealth”



Support as many working families as possible



Resolve the “20 million yen problem” for each

Increase AuM



Increase number of users



Increase AuM per user

## AuM

JPY402Bn (Mar. 31, 2021) ► JPY663Bn (Mar. 31, 2022)

+65%

## Number of users

269K (Mar. 31, 2021) ► 332K (Mar. 31, 2022)

+23%

## Net AuM Retention<sup>1</sup>

120%+ (Mar. 31, 2021) ► 120%+ (Mar. 31, 2022)

Maintained

<sup>1</sup> An index that shows the % of AuM retained over 1 year (Book value basis, excluding market price fluctuations. All averages from July 2016 to March 2022) (Initial AuM + Automated deposits for 1 year + Additional manual deposits for 1 year – Withdrawal for 1 year) / Initial AuM

# WealthNavi aims to help working families resolve their “20 million yen problem”

Resolve the “20 million yen problem” for each user

Increase AuM per user

Automated deposits

+

Additional manual deposits

–

Withdrawals

% of users signed up for automated deposit plan<sup>2</sup>

69%



**68%**

(Mar. 31, 2021)

(Mar. 31, 2022)

Average monthly automated deposit<sup>3</sup>

JPY40K



**JPY44K**

(Mar. 31, 2021)

(Mar. 31, 2022)

Average monthly churn rate<sup>4</sup>

<1%



**<1%**

(Mar. 31, 2021)

(Mar. 31, 2022)

**Net AuM Retention<sup>1</sup> : 120%+**

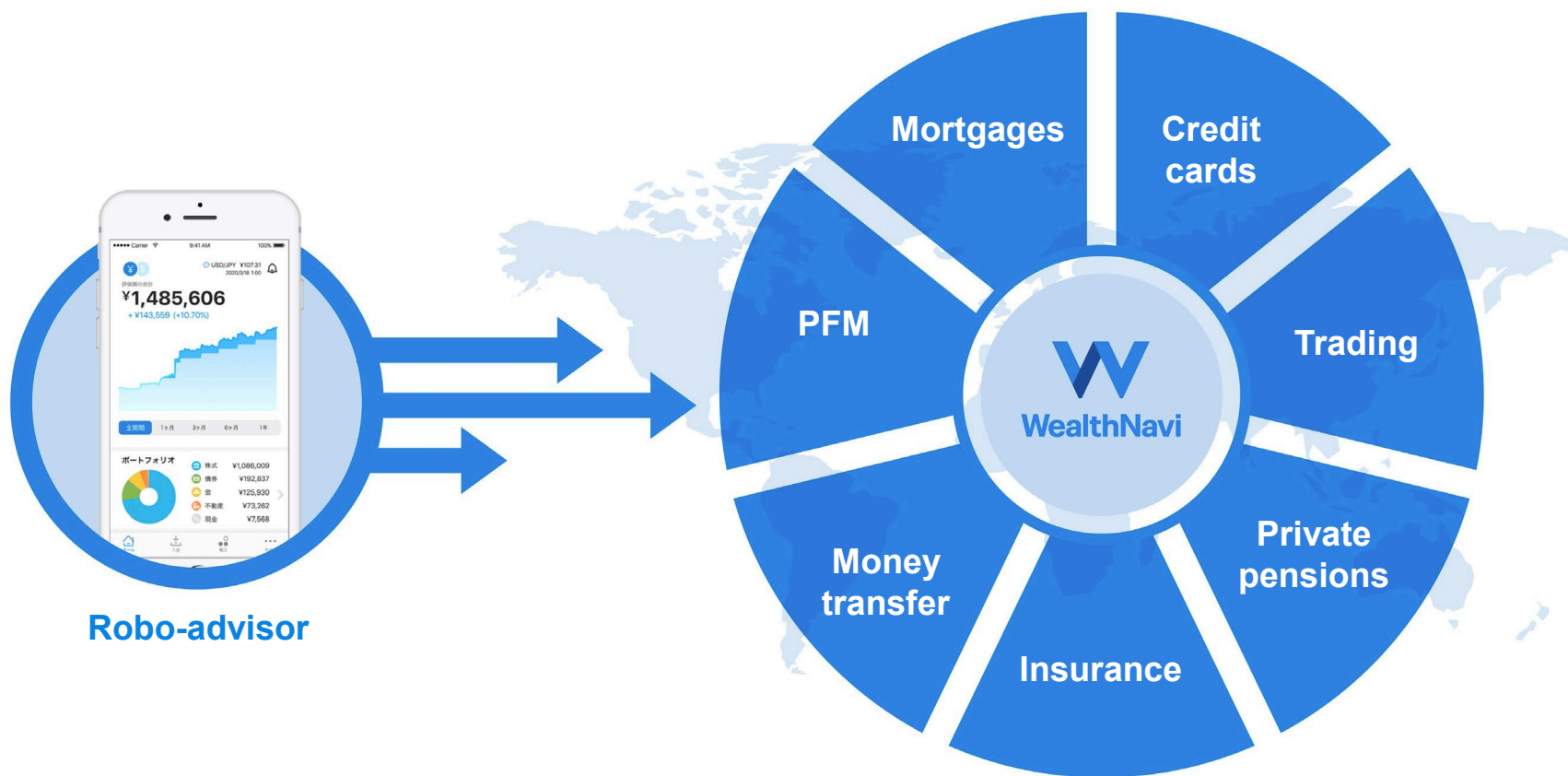
<sup>1</sup> An index that shows the % of AuM retained over 1 year (Book value basis, excluding market price fluctuations. All averages from July 2016 to March 2022)  
 (Initial AuM + Automated deposits for 1 year + Additional manual deposits for 1 year – Withdrawal for 1 year) / Initial AuM

<sup>2</sup> % of WealthNavi accounts with the recurring deposits among % of WealthNavi accounts with a positive ETF balance

<sup>3</sup> Average monthly automated deposit through WealthNavi’s automated deposit plan

<sup>4</sup> % of users who go from a positive ETF balance to no ETF balance (monthly, total average from July 2016 to March 2022)

# Aspiration to become a personal finance platform



Robo-advisor

- Provide tailored advice on the full range of financial services to meet customer needs
- Digitize and automate advisory and execution

Note: Concept only and not released yet. Indicate potential service domain to be provided in the future. The picture is an image

# Agenda

1Q FY2022 business highlights

1Q FY2022 financial highlights



FY2022 full-year forecast

**Sustainability**

Appendices

# Our engagement in promoting sustainability

- Identified our material issues through discussions with our stakeholders
- Promoting sustainability along with maximizing our long-term corporate value
- Preparing a disclosure on our sustainability initiatives and related data

		Material issues	Contribution to UN SDGs
What we do	Helping working families	<ul style="list-style-type: none"> <li>• Promoting wealth management for working families</li> <li>• Enhancing digital accessibility to financial services</li> <li>• Encouraging financial literacy</li> </ul>	    
	Empowering local communities	<ul style="list-style-type: none"> <li>• Partnering with regional financial organizations to mitigate the digital divide</li> <li>• Supporting digitalization of regional financial organizations</li> </ul>	 
How we do it	Diversity & openness	<ul style="list-style-type: none"> <li>• Hiring and integrating talents with diverse backgrounds</li> <li>• Supporting talent development of our employees</li> <li>• Encouraging women's advancement</li> <li>• Promoting work-life balance for a diverse workforce</li> </ul>	  
	Operating steadily for the long term	<ul style="list-style-type: none"> <li>• Enhancing corporate governance</li> <li>• Ensuring compliance</li> <li>• Improving risk management</li> <li>• Strengthening security</li> </ul>	  



# Agenda

1Q FY2022 business highlights

1Q FY2022 financial highlights

FY2022 full-year forecast

Sustainability

**Appendices**

# Management team

## Directors



### Name

Founder and CEO  
**Kazuhisa  
Shibayama**

### Background

After working at the Ministry of Finance and McKinsey & Company Inc., Kazuhisa established WealthNavi Inc. in April 2015. He received an LL.B. from the University of Tokyo, LL.M. from Harvard Law School, and an M.B.A. with distinction from INSEAD, and is a member of the New York Bar.



Director, CFO  
**Gaku  
Hirose**

Gaku joined WealthNavi in 2019 after engaging in financing and M&A advisory at Deutsche Securities, Social App Trifort as Director and CFO, and Credit Suisse Securities. He received M.B.A. from Waseda University.



**Sumito  
Togo**

After working at McKinsey & Company Inc. Japan and Google, Sumito joined free Co., Ltd. in 2013, where he drove rapid business growth as Director and COO, and then as Director and CFO since 2018. He graduated from the Graduate School of Engineering, the University of Tokyo.



**Maki  
Ogawa**

Maki is a Chief Analyst, Executive Officer and General Manager at the Financial Market Research Department of Sony Financial Holdings (currently Sony Financial Group), after working at First National Bank of Chicago, J.P. Morgan, and Citibank (currently SMBC Trust Bank).



**Akira  
Enomoto<sup>1</sup>**

Akira worked in various positions including ALM Director Tokai Bank (currently MUFG Bank). Since 2002, served as Executive Officer and Head of Market Sales Department, and then Deputy Company Manager of International & Market Department. He then served as a full-time auditor of the Bank from 2006 to 2010. He graduated from the Faculty of Economics, Kyoto University.



**Eriko  
Matsuno<sup>2</sup>**

After working at Morgan Stanley Japan Securities, she became a member of the Japanese Bar in 2000 and joined Nagashima Ohno & Tsunematsu Law Offices. She has been an independent practitioner since 2010. Currently, Eriko also serves as an ADR mediator at FINMAC. She graduated from the Faculty of Law, the University of Tokyo.



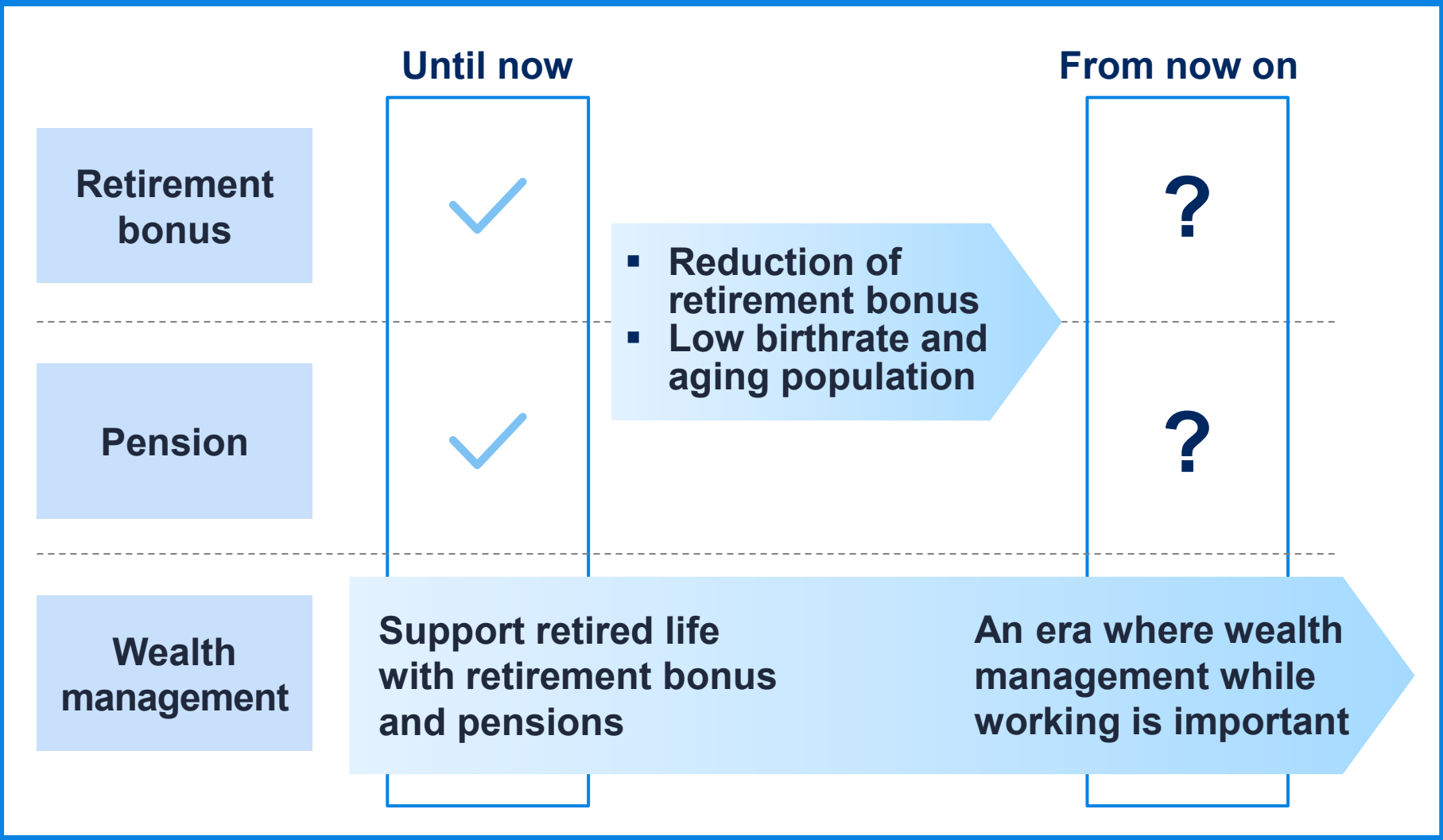
**Sachihiko  
Fujimoto<sup>2</sup>**

After working for the Tokai Bank (currently MUFG Bank), he joined Chuo Shinko Audit Corporation and Chuo Coopers & Lybrand International Tax Office (currently PwC Tax Japan) where he served as Partner and Director of the Finance Department. He is a CPA and Tax Accountant and holds a Master's degree in International Business Administration. He graduated from the Faculty of Law, Kyoto University.

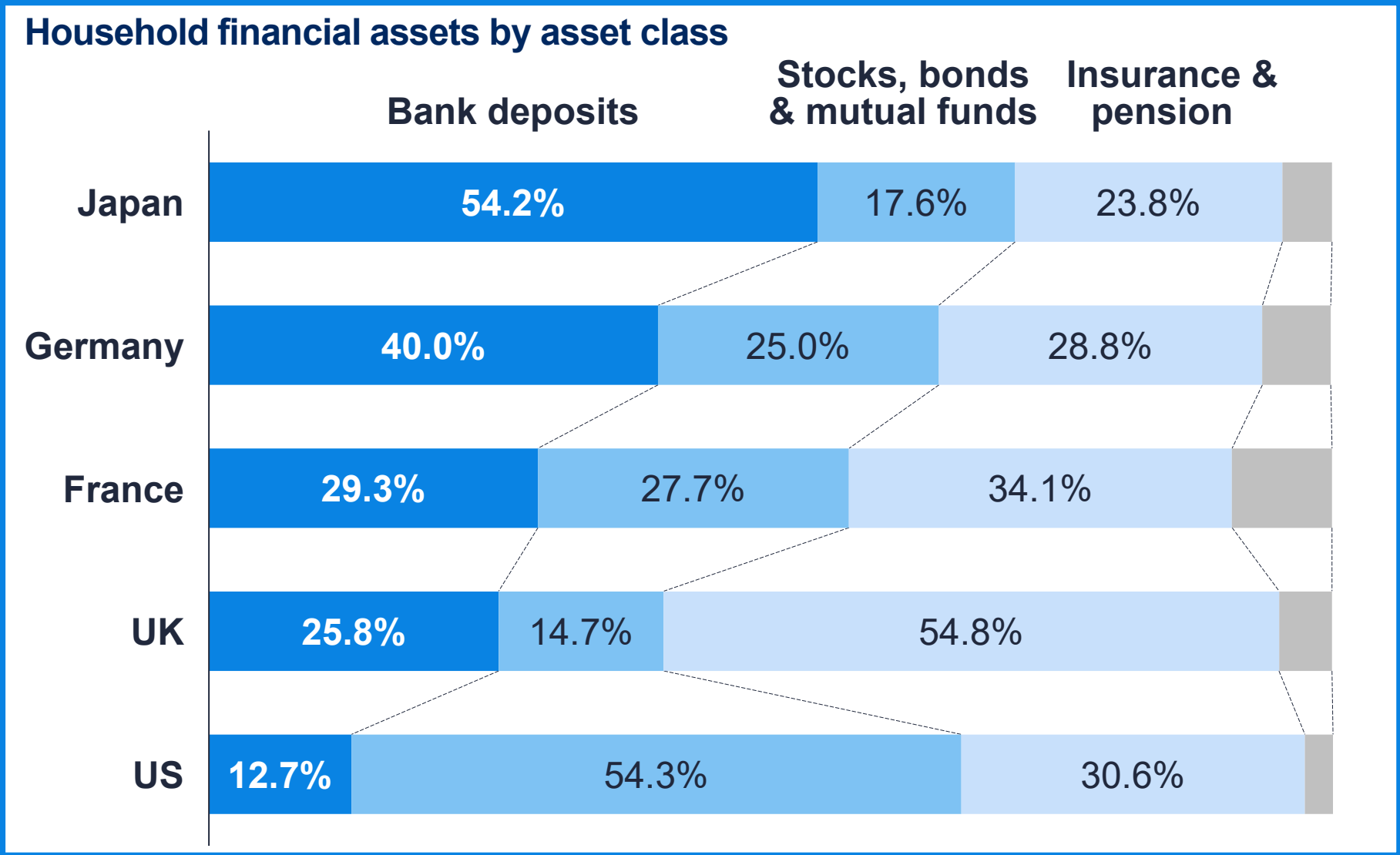
<sup>1</sup> Full-time Audit & Supervisory Committee Member

<sup>2</sup> Audit & Supervisory Committee Member

# Emerging needs for wealth management services driven by the structural changes in the Japanese economy



# On the other hand, 54.2% of Japanese household financial assets are concentrated in bank deposits



Source: WealthNavi analysis based on OECD's "Household financial assets" as of the end of 2020 (January 2022)

# WealthNavi, completed online, helps busy working families build wealth for a comfortable retirement

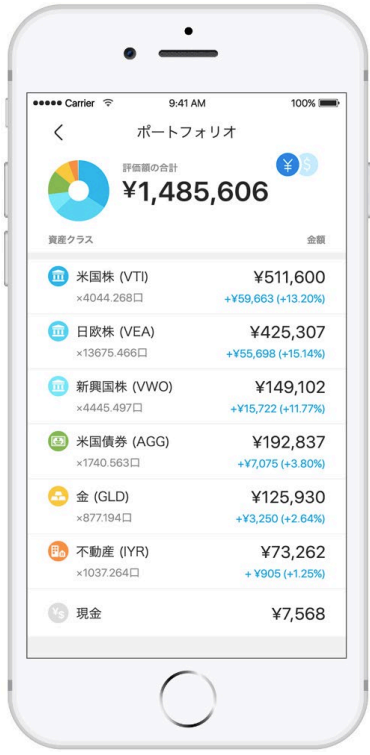
Risk tolerance assessment through **5 questions** and proposed **wealth management plan**



Roadmap to your **goal** and visualized **risk**



**Portfolio** built, at the shortest, the day after planning



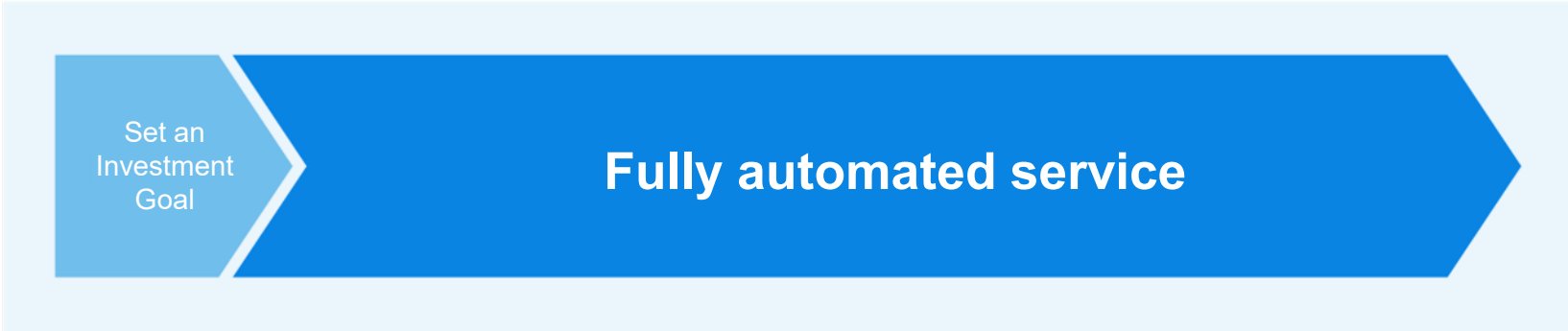
Daily performance tracking in JPY/USD



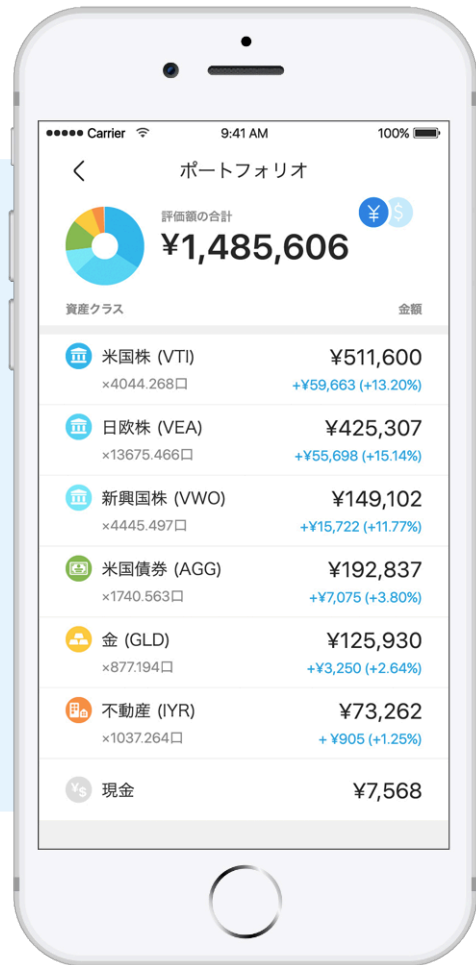
Note: The picture is an image

# WealthNavi provides automated, end-to-end services

## Traditional investment advice



# WealthNavi allows customers to make diversified investments in more than 12,000 securities in about 50 countries around the world through 6 to 7 ETFs



3 Vanguard ETFs, 3 BlackRock ETFs and 1 State Street ETF<sup>1</sup>

On average, 74% equities, 15% fixed income, 11% gold and REITs<sup>1</sup>

Published the wealth management algorithm in a white paper (First in Japan: October 2016)

<sup>1</sup> As of March 31, 2022  
Note: The picture is an image

# Simple and easy-to-understand fees: 1% of AuM (annual rate)

## Fees deducted from WealthNavi accounts

**WealthNavi**

**Fee**  
**1%, annual rate**

**Taxes**

**Consumption tax**  
(10% of the fee)

+

## Fees deducted within the ETF

**ETF**

**ETF costs**  
(0.08-0.13%, annual rate)

An image of costs assuming the costs are borne by customers. Fees and ETF costs are % of AuM (As of March 2022)

### 1 Simple

Simple fees of 1% (annual rate, excluding tax) of AuM

### 2 No commission

Fee structure that aligns interest between users and WealthNavi

### 3 Transparency

Displaying fees on the application screen and deducting fees and costs from performance estimates

Note: Of the ETF portion of the AuM only (1.1% including tax). The annual fee of the portion exceeding JPY 30 million is 0.5% (0.55% including tax). For managed account services with a hybrid of online and face-to-face support, the base annual fee is 1.5% (1.65% including tax), and the annual fee for the portion exceeding JPY 30 million is 1.0% (1.1% including tax)



# Continuously releasing new functions with high product development capability

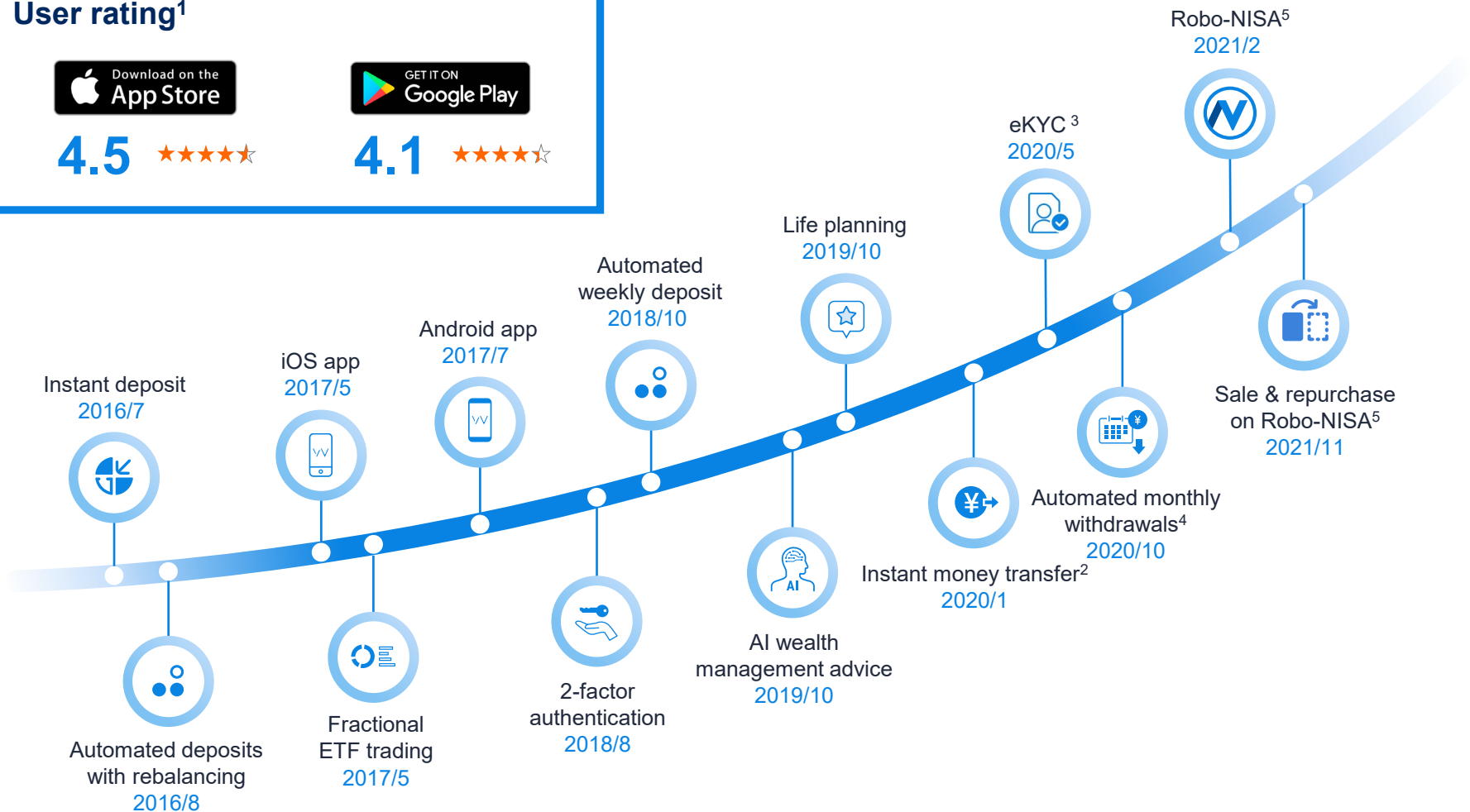
## User rating<sup>1</sup>



4.5 ★★★★★



4.1 ★★★★★



1 As of March 31, 2022

2 Only for users of "WealthNavi for SBI Securities"

3 Only for users of "WealthNavi" (Direct channel)

4 Only for users of "Hokkoku Omakase Navi"

5 Only for users of "WealthNavi" (Direct channel) and part of alliance channels

# “Robo-NISA,” the first managed NISA account in Japan,<sup>1</sup> was launched on Feb. 17, 2021

## WealthNaviがNISAに対応!



# おまかせ NISA

## 2021年2月17日よりスタート



※画面はイメージです

<sup>1</sup> WealthNavi analysis on February 12, 2021, based on websites of the companies listed as “wrap account” managers on Japan Investment Advisers Association, “Contract Asset Status, September 2020”. “NISA” stands for “Nippon Individual Savings Account,” a tax exemption program for small investments

# “Robo-NISA” is a tax-free managed account powered by WealthNavi

## Three benefits of “Robo-NISA”

**Tax-free**

Invest up to JPY  
1.2M per year free of  
tax for up to 5 years<sup>1</sup>

**Globally  
diversified  
portfolio**

Build a globally  
diversified portfolio  
with WealthNavi

**Fully  
automated**

Manage both NISA  
and taxable accounts  
holistically and  
automatically

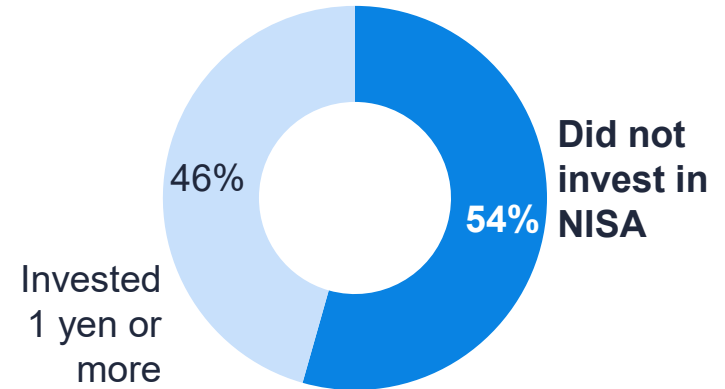
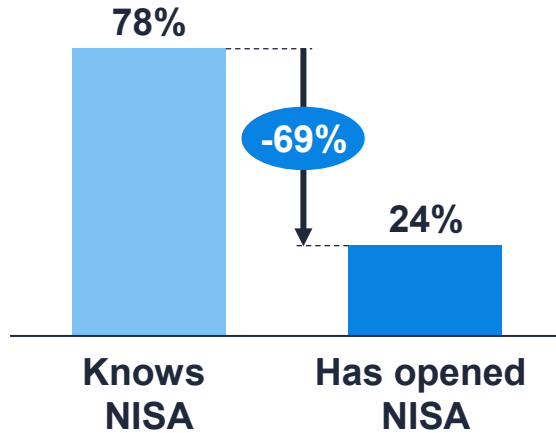
<sup>1</sup> “Robo-NISA” utilizes general NISA, not monthly (“Tsumitate”) NISA. Up to JPY 1.2M can be invested in a NISA account every year for up to 5 years, and capital gains and dividends on investments in the NISA account are exempt from Japanese individual income tax and local taxes for up to 5 years

# NISA isn't widely used despite its wide recognition

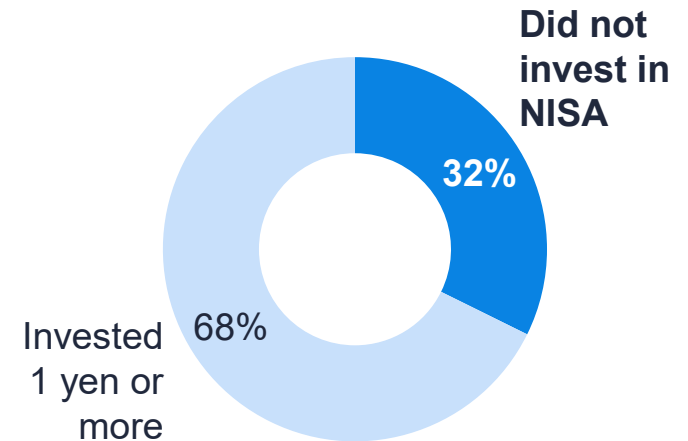
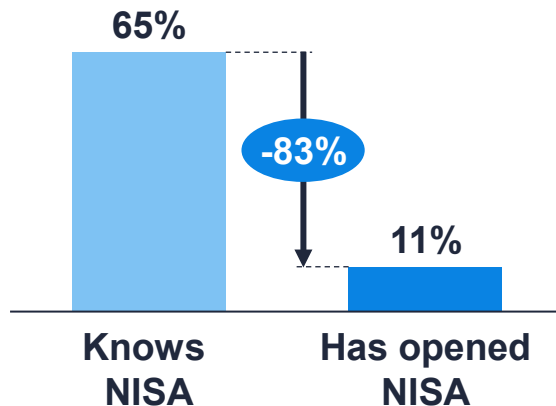
Most people know about NISA, but most have not opened NISA accounts<sup>1</sup>

Nearly half of NISA accounts were dormant in 2020<sup>2</sup>

## General NISA



## Monthly "Tsumitate" NISA

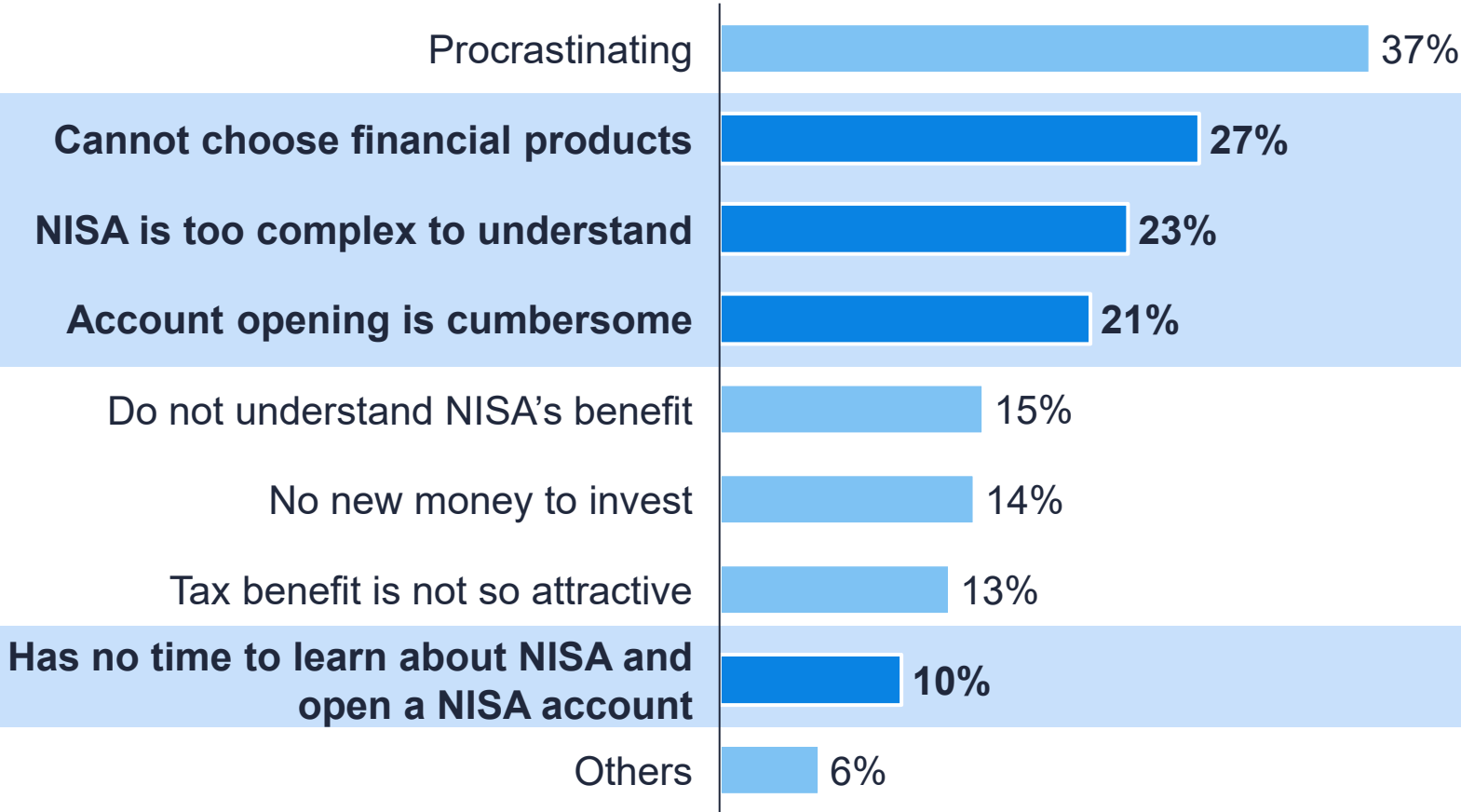


<sup>1</sup> WealthNavi analysis based on the Investment Trusts Association, "Report of survey on mutual funds in 2020 – NISA, iDeCo, etc."

<sup>2</sup> WealthNavi analysis based on FSA, "Research of activities in NISA accounts as of the end of 2020"

# Many people do not use NISA because of its complicated rules and procedures

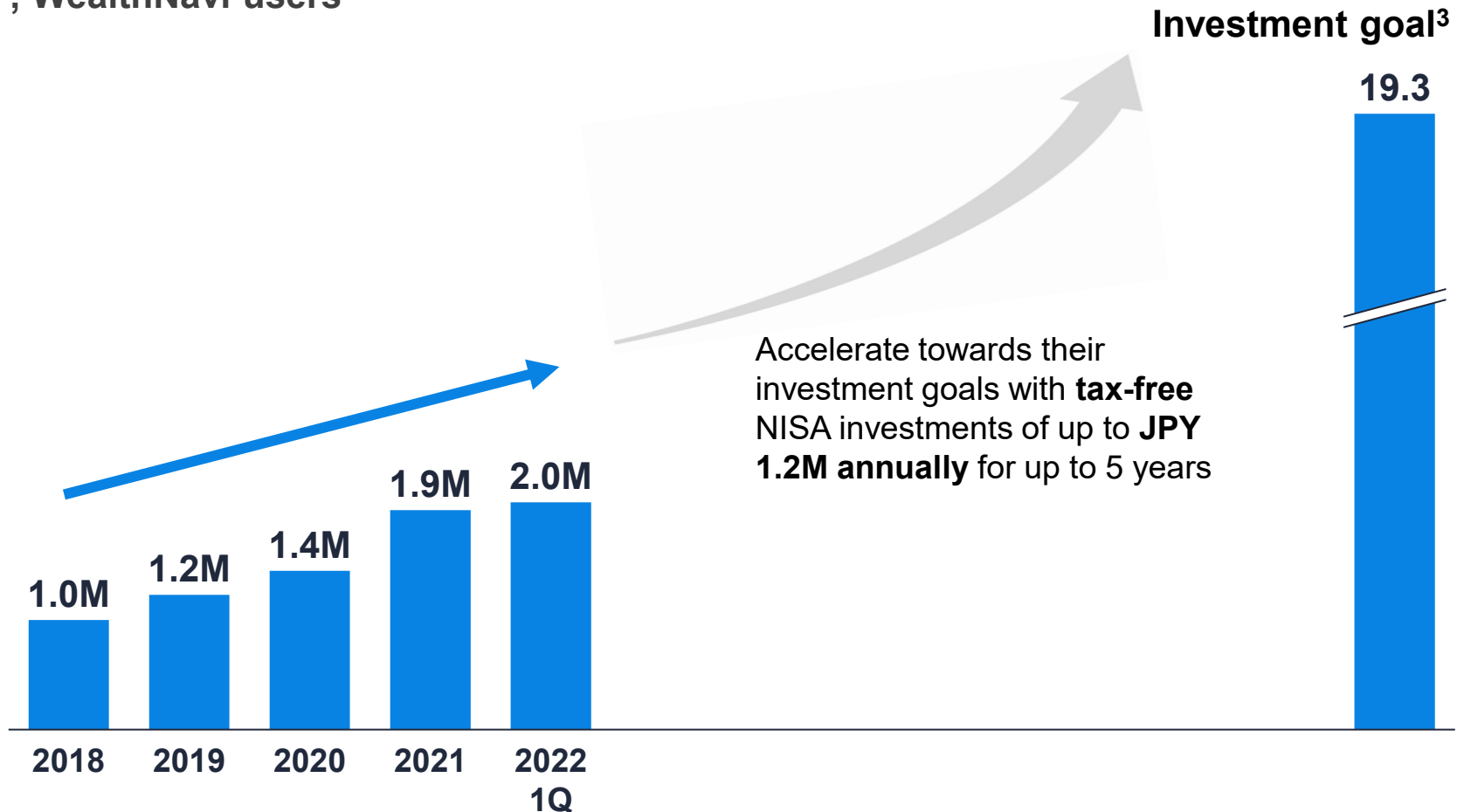
## Reasons for not using NISA



1 WealthNavi analysis based on the result of a questionnaire of 949 users conducted by WealthNavi in February 2021

# By leveraging a tax-free account, WealthNavi users can accelerate their wealth building

Average AuM and investment goal<sup>1,2</sup>  
JPY; WealthNavi users



1 As of end of each year

2 Excluding users with AuM of 1 billion yen and above

3 Average of investment goals set by WealthNavi's life-planning tool as of March 31, 2022

# Helping users to continue long-term investment with a globally diversified portfolio

## Video messages



## Columns

昨日の株価急落で不安を感じていらっしゃる方へ

2020.06.12



#長期・積立・分散 #相場が急変したとき #金融・経済・市況

昨日、世界的に株価が下落しました。2月から3月にかけての株価急落で資産の大きな目減りを経験した方にとっては、ここ最近の株価の回復で少しほっとしたところに急落があり、驚かされているかもしれません。

株価の急落を見て、一時的に資産を手放そうと考える方もいるのではないのでしょうか。そのような場合には一度立ち止まってみることをお勧めします。

コロナ・ショックのような経済危機を乗り越える過程においては、楽観的なニュースと悲観的なニュースが飛び交い、株価は短期的に急落することも、逆に急上昇することもあります。しかし長期投資の成果を決めるのは、株価の短期的な動きではなく長期的な成長です。

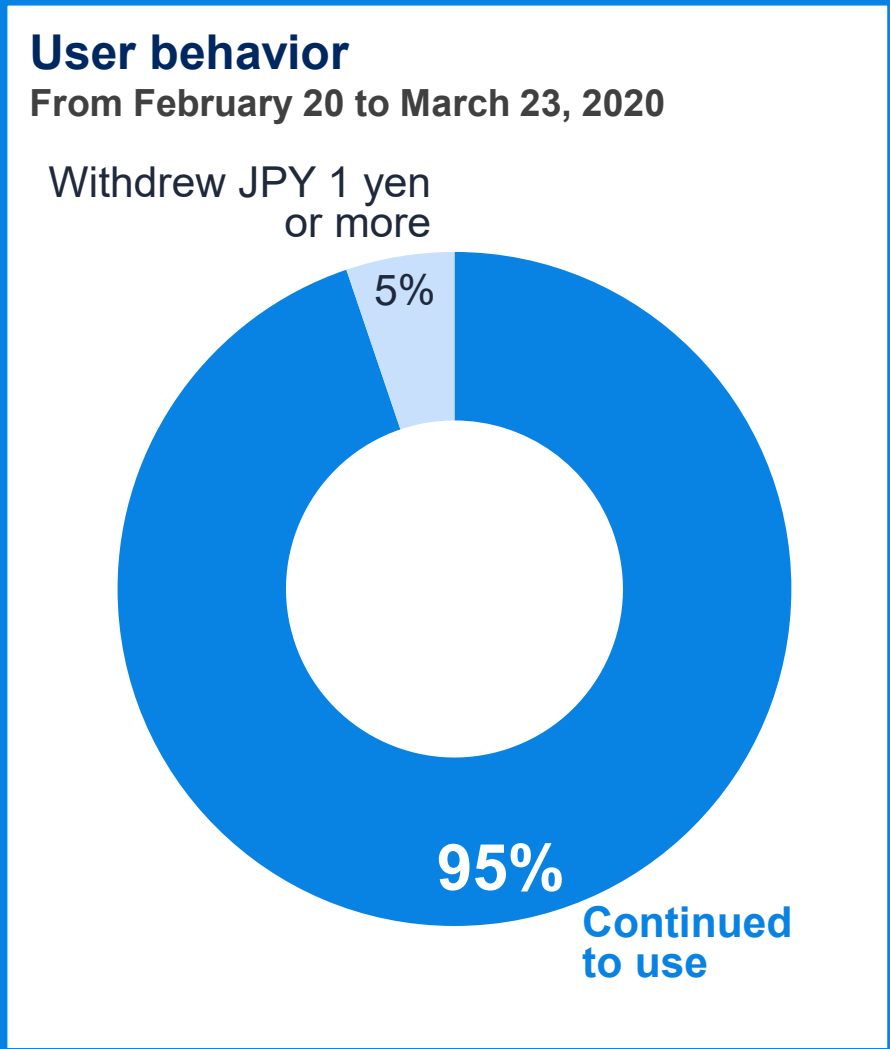
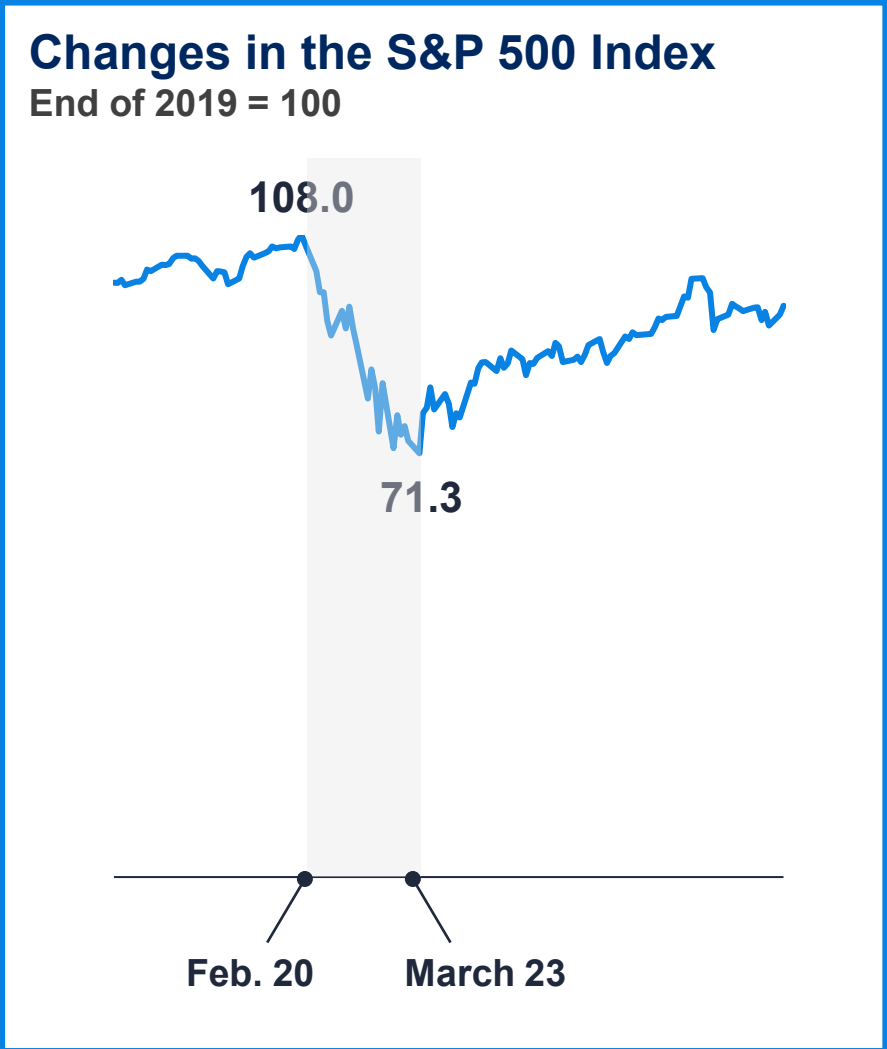
## Webinars



Approx. 111K participants<sup>1</sup>

<sup>1</sup> Participants in our webinar from April 2021 to March 2022

# 95% of users continued to use WealthNavi even when the market price plunged due to Covid-19



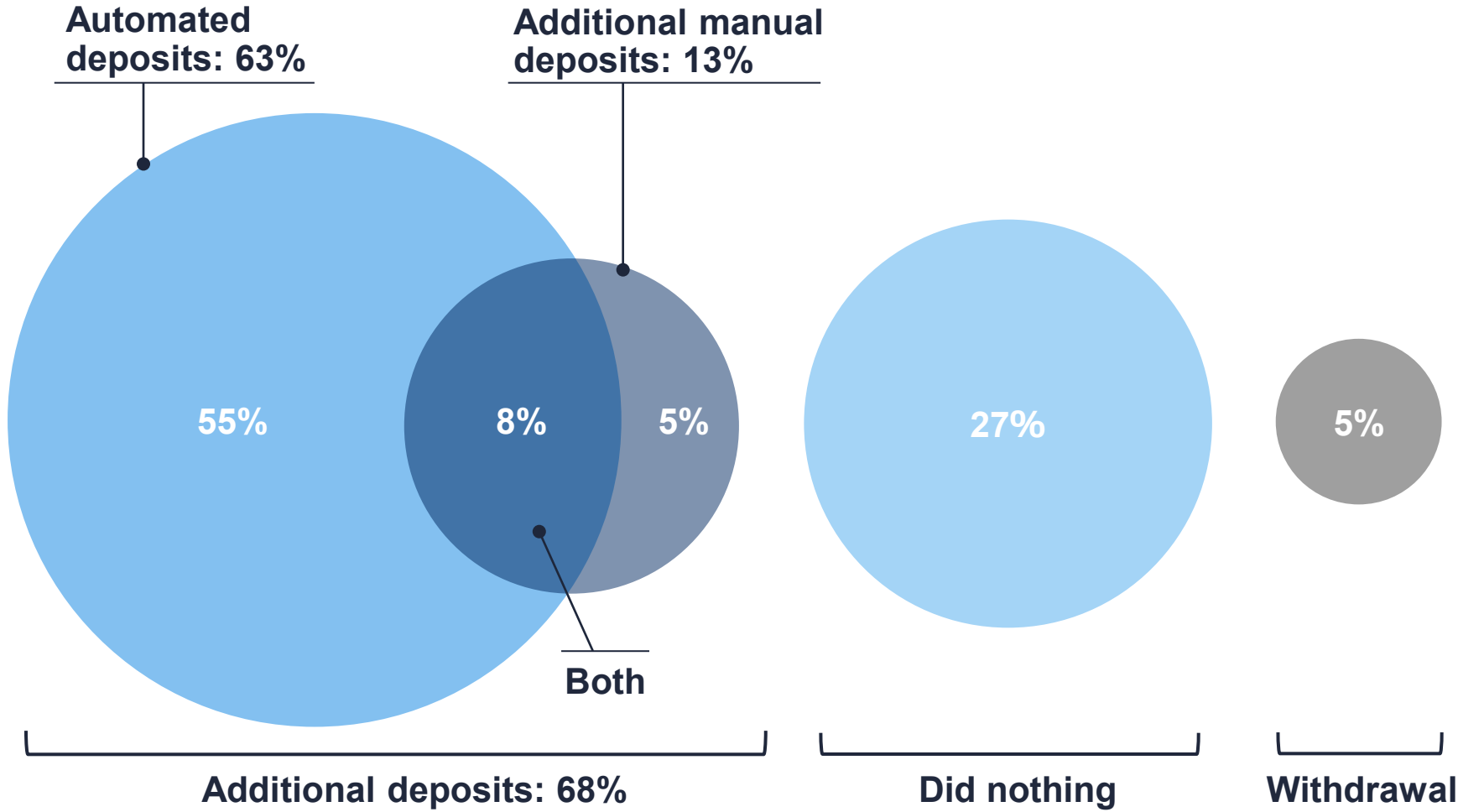
1 "Continue to use" means that there is an ETF balance on the first day of the above period and there is no withdrawal (1 yen or more) in part or in whole during the period



# 68% of users added funds to WealthNavi accounts

## User behavior

From February 20 to March 23, 2020



Note: % of users with ETF balance as of February 20, 2020. "Withdrawal" refers to some or total withdrawal (1 yen or more)

# WealthNavi targets working families, which have, in total, approx. JPY 690T of financial assets

## Household financial assets by age and asset size



**Working families (20s-50s) are the target of WealthNavi**

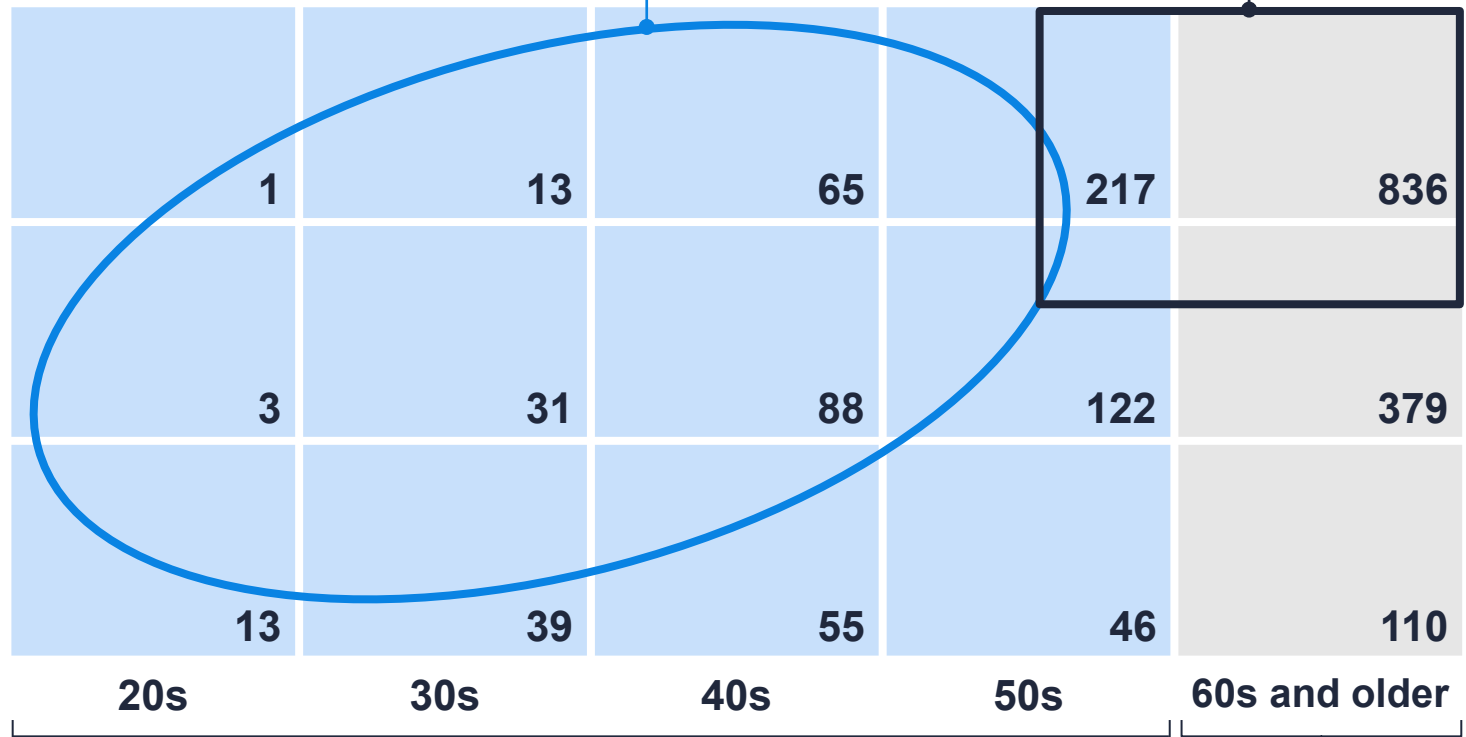
**Primary target group of face-to-face channels for incumbent banks and securities**

XX Financial assets JPY trillions

JPY 30M or more

JPY 10-30M

Less than JPY 10M

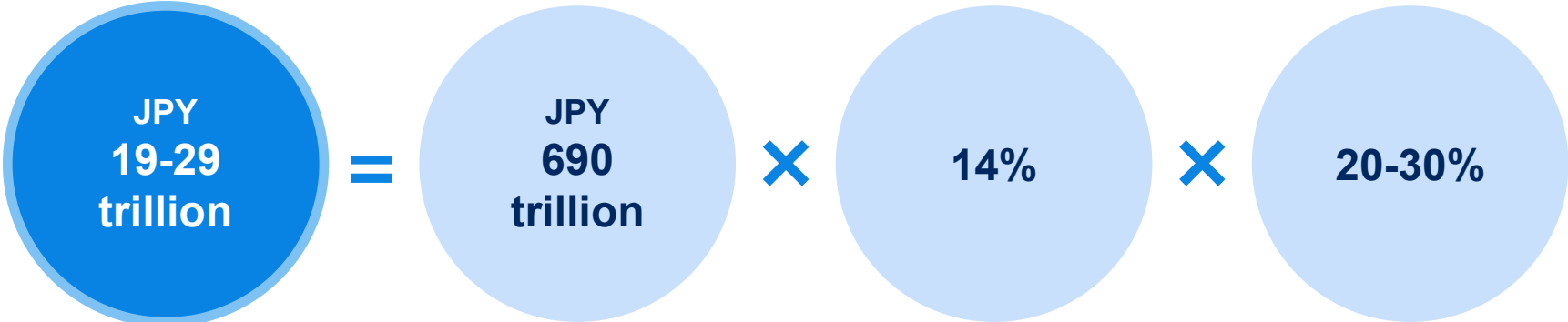


Approx. JPY 690T

Approx. JPY 1,330T

Source: WealthNavi analysis based on the Bank of Japan's "Japan's Flow of Funds Accounts, 4th quarter of 2021", the Ministry of Internal Affairs and Communications' "Population, demographic statistics and household numbers based on the Basic Resident Registration, January 2021," and the Ministry of Internal Affairs and Communications' "Household Survey, March 2016"

# Robo-advisors' potential market estimated to be JPY 19-29 trillion over the next 10 years as working families accelerate wealth building for retired life



Potential market for robo-advisors over the next 10 years

Financial assets owned by working families (20s-50s)

Assuming the deposit ratio of household financial assets will fall to the level of Germany (54%→40%) over the next 10 years

Assuming 20-30% of assets moving from deposits to investments are allocated to long-term investments

Source: WealthNavi analysis based on the Bank of Japan's "Japan's Flow of Funds Accounts, 4th quarter of 2021", the Ministry of Internal Affairs and Communications' "Population, demographic statistics and household numbers based on the Basic Resident Registration, January 2021", the Ministry of Internal Affairs and Communications' "Household Survey, March 2016," and OECD's "Household financial assets" as of the end of 2020

# Balance sheets and cash flows

## Balance sheets JPY millions

	FY2020	FY2021	FY2022 1Q
Current assets	15,117	27,129	21,074
Cash and bank deposits	8,613	10,039	11,730
Cash segregated as deposits	4,610	9,000	8,500
Deposits paid	1,525	7,461	134
Other current assets	367	627	710
Non-current assets	261	247	284
<b>Total assets</b>	<b>15,378</b>	<b>27,377</b>	<b>21,358</b>
Current liabilities	8,461	15,839	9,663
Deposits received	7,075	15,149	9,159
Current portion of convertible bond-type bonds with share acquisition	1,000	-	-
Other current liabilities	386	689	503
Non-current liabilities	-	1,500	1,500
Long-term loan payable	-	1,500	1,500
<b>Total liabilities</b>	<b>8,461</b>	<b>17,339</b>	<b>11,163</b>
Share capital	1,429	3,237	3,334
Capital surplus	6,490	8,298	8,394
Retained earnings	(1,003)	(1,498)	(1,533)
Treasury stock	-	(0)	(0)
<b>Total net assets</b>	<b>6,916</b>	<b>10,037</b>	<b>10,195</b>

Note: Fractions of one million yen are rounded down

## Statement of cash flows JPY millions

	FY2020	FY2021	FY2022 1Q
Cash generated by/(used in) operating activities	(939)	3,384	(5,790)
Cash generated by/(used in) investing activities	(76)	(23)	(55)
Cash generated by financing activities	2,642	4,052	191
Effect of exchange rate changes on cash and cash equivalents	(12)	(1)	16
Net increase in cash and cash equivalents	1,613	7,411	(5,637)
Cash and cash equivalents at beginning of the year	8,475	10,089	17,501
<b>Cash and cash equivalents at end of the year</b>	<b>10,089</b>	<b>17,501</b>	<b>11,864</b>

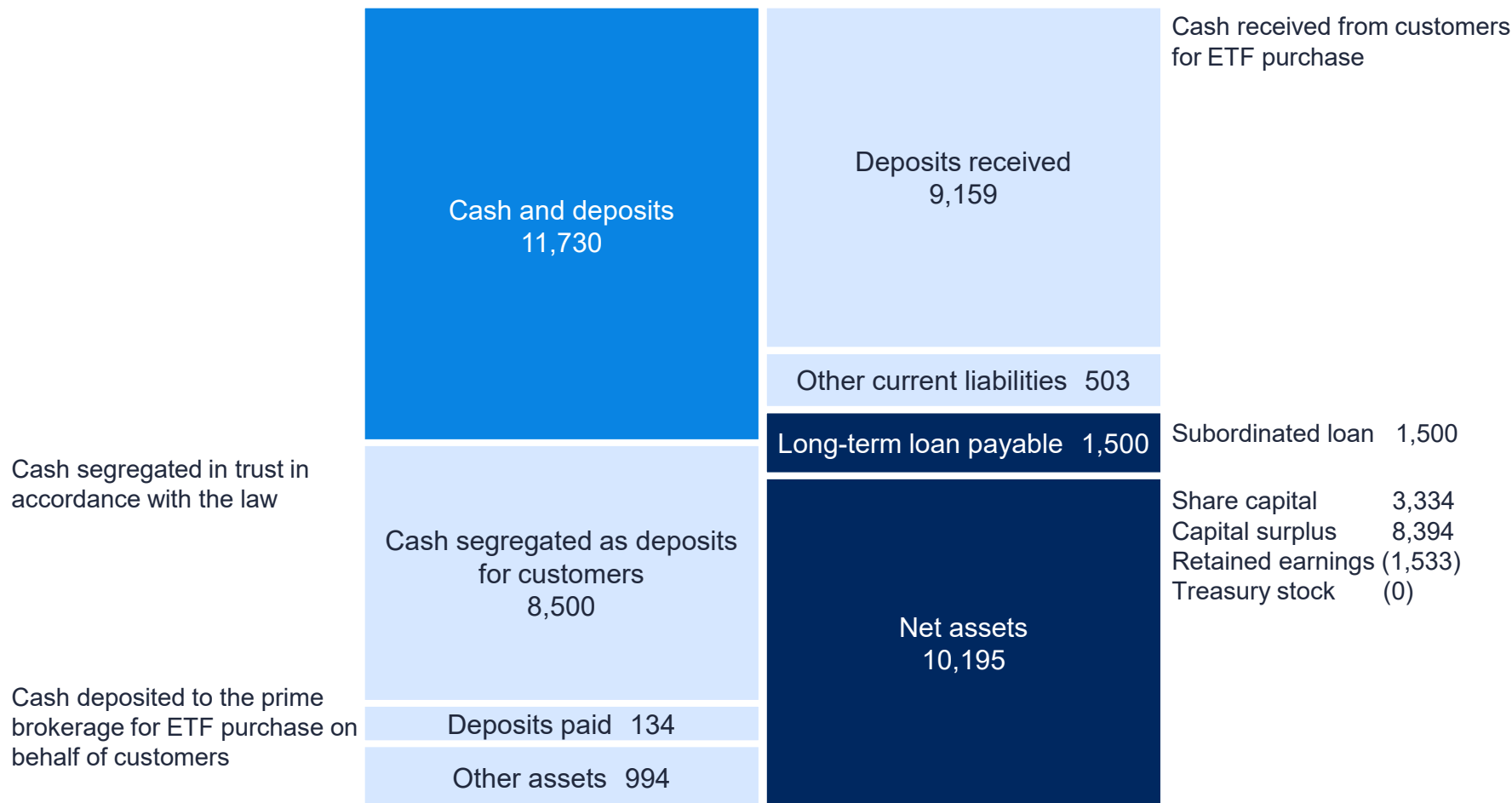
## Details of operating cash flows

<b>Cash generated by/(used in) operating activities</b>	<b>(939)</b>	<b>3,384</b>	<b>(5,790)</b>
-) Decrease / (increase) in cash segregated as deposits for customers	(1,100)	(4,390)	500
-) Increase / (decrease) in deposits received	904	8,074	(5,990)
<b>Cash generated by/(used in) operating activities adjusted by items relating to cash deposited by customers</b>	<b>(744)</b>	<b>(300)</b>	<b>(300)</b>

# Maintaining strong balance sheets for growth

## Balance sheets

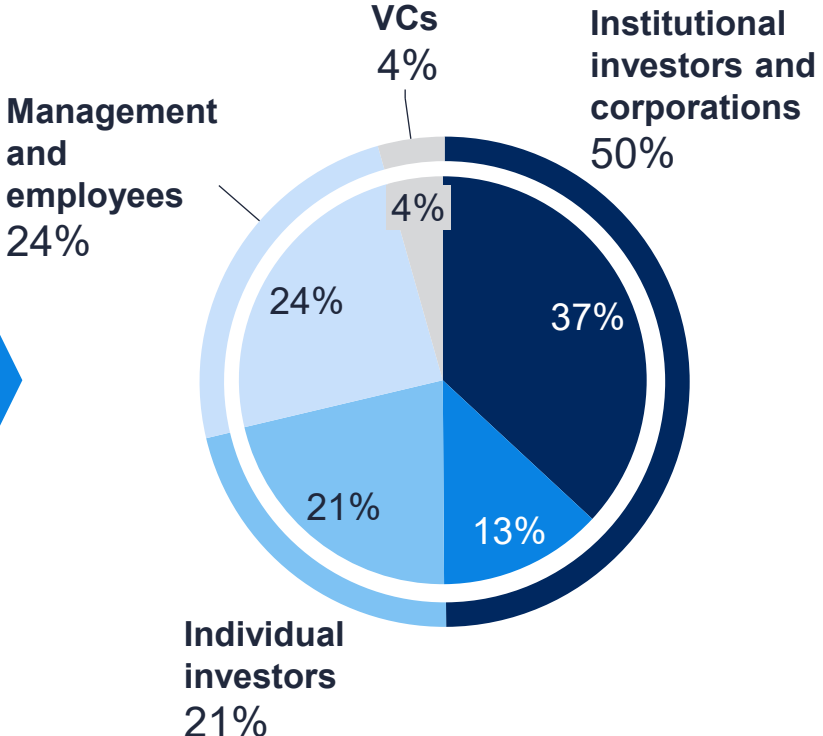
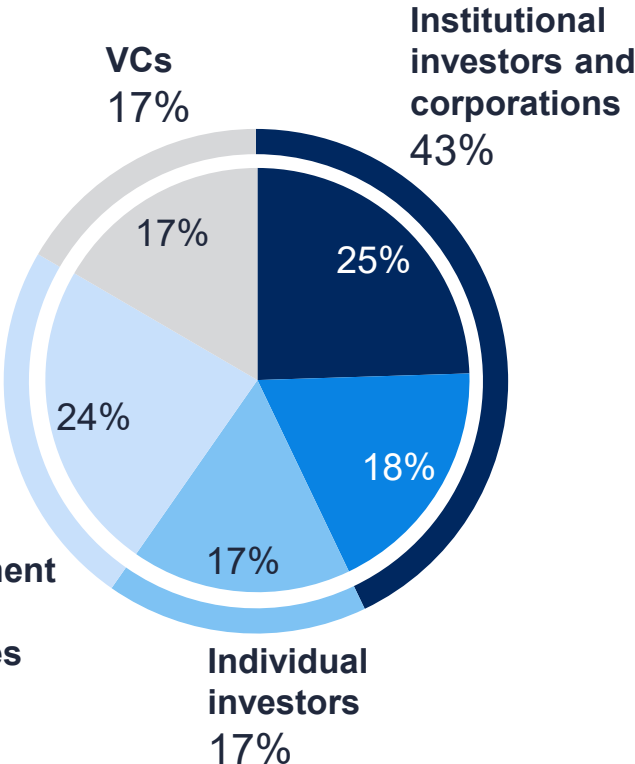
1Q FY2022; JPY millions



# VC ownership decreased while institutional and individual investors ownership increased

As of December 31, 2020

As of December 31, 2021



- Overseas institutional investors and corporations
- Domestic institutional investors and corporations
- Individual investors and others
- WealthNavi's management and employees
- VCs

# Business risks and mitigations (1)

- Principal business risks which may affect our growth are outlined below
- For other risks, please refer to “Business Risks” section of our Annual Securities Report (Yuuka Shoken Hokokusho, Japanese only)

Business risks	Probability	Impact	Mitigations
<p><b><u>Market volatility</u></b></p> <p>AuM may decrease if its customers abandon or suspend long-term investment due to the volatility of global financial markets.</p>	Mid	Mid	<p>We support our customers to build and maintain a long-term investment with a globally diversified portfolio using an automated deposit plan through such measures such as follows.</p> <ul style="list-style-type: none"> <li>• Enhanced functions to motivate customers to continue their investment</li> <li>• Investment advice through columns, video messages and seminars to address concerns of customers</li> <li>• Loyalty program to encourage long-term investment</li> </ul>

# Business risks and mitigations (2)

Business risks	Probability	Impact	Mitigations
<p><b><u>Dependency on specific business partners</u></b></p> <p>The fee received from SBI Holdings Group including SBI Securities, SBI Sumishin Net Bank and SBI Neo Mobile accounts for 29.9% in FY2021.</p>	Mid	Mid	<p>We continue to grow direct channel with aggressive, yet disciplined, advertising as well as alliance channels by acquiring new partners.</p> <p>The percentage of the fee received from SBI Holdings Group has been declining year by year from 63.0% in FY2017 to 29.9% in FY2021.</p>
<p><b><u>System security</u></b></p> <p>Any significant system disruption or loss of customer asset due to accidents, natural disaster, external cyber attack or unauthorized access may cause pecuniary compensation and undermine our trust from customers and markets, which may prevent us from realizing our growth potential.</p>	Low	High	<p>We strive to strengthen our system security in order to protect critical information assets from various threats and control risks by setting “Information Security Management Rules” which include information security management system, management policy and policy for risk control.</p>



# Business risks and mitigations (3)

Business risks	Probability	Impact	Mitigations
<p><b><u>Personal data protection</u></b></p> <p>Leakage or breach of personal data which we retain may cause pecuniary compensation and undermine our trust from customers and markets, which may prevent us from realizing our growth potential.</p>	Low	High	We retain personal data of customers and employees. We, as a financial institution, handle the personal data with care and comply strictly with our “Rules for Handling Personal Data” and “Rules for Handling Specific Personal Information.”
<p><b><u>Talent management</u></b></p> <p>We intend to continuously expand our business and solidify the foundation for growth by hiring and developing highly motivated people with deep understanding of our mission. Failure to recruit and develop the best people or to retain distinguished employees may negatively impact on our business.</p>	Mid	Mid	We strive to attract the best people by providing engineer-friendly work environment and adopting various recruiting methods. We also offer various training programs, cross-divisional communication and company-wide information sharing.



**Helping working families build wealth**

# Disclaimer

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