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## Summary of Non-consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]



August 12, 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 file quarterly Securities Report: August 12, 2022  
 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, 2022 (from January 1, 2022 to June 30, 2022)

(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, 2022	3,092	58.2	3,069	57.8	30	-	34	-	33	-
June 30, 2021	1,954	-	1,944	-	(175)	-	(176)	-	(178)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	0.70	0.66
June 30, 2021	(3.91)	-

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

Note 2. Diluted earnings per share for the six months ended June 30, 2021 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, 2022	24,372	10,376	42.6
December 31, 2021	27,377	10,037	36.7

(Reference) Equity: As of June 30, 2022 10,376 million yen  
 As of December 31, 2021 10,037 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, 2021	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2022	-	0.00			
Fiscal year ending December 31, 2022 (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, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit	
	million yen	%	million yen	%
Fiscal year ending December 31, 2022	6,536	40.6	33	-

Note 1. Revisions to the earnings forecast most recently announced: Yes

Note 2: Please refer to Attached Materials on page 3 “1. Qualitative information regarding quarterly results (4) Explanation of non-consolidated financial results forecasts and other forward-looking statements.”

\* 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.: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: Please refer to Attached Materials on page 8 “2. Quarterly financial statements and significant notes thereto (4) Notes to quarterly financial statements (Changes in accounting policies).”

(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, 2022 47,440,984 shares

As of December 31, 2021 46,988,150 shares

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

As of June 30, 2022 168 shares

As of December 31, 2021 119 shares

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

Six months ended June 30, 2022 47,283,697 shares

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

\* 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 Attached Materials on page 3 “1. Qualitative information regarding quarterly results (4) Explanation of 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, there was an emerging concern over a global economic slowdown caused by such factors as quantitative tightening to fight against inflation by central banks, geopolitical risks with Russian invasion of Ukraine and higher commodity prices. The domestic economy continued to be uncertain due to the inflationary pressure as well as the sharp yen depreciation.

Under such circumstances, the Company has actively worked on to expand the functions of its fully automated robo-advisor “WealthNavi” and to increase the number of its alliance partners. The Company has also engaged in advertising activities including TV commercials, hiring talent to drive its business, and enhancing security measures.

Regarding the functionality expansion of “WealthNavi,” the Company started offering “Robo-NISA” in April through “Yume-Oi Navi” provided jointly with Hamamatsu Iwata Shinkin Bank and “Chukyo Omakase Navi” provided jointly with the Chukyo Bank. In addition, the Company has continued to develop a managed account service jointly with AEON Credit Service Co. Ltd. for customers of “AEON Card” under the agreement announced in December 2021.

As for the advertising activities, the Company has launched a new TV commercial starring Hiroki Hasegawa in April aiming to effectively reach more of potential customers who consider starting wealth management. Additionally, the Company offered online seminars for those who are at the age of 18 and 19 in May, as it started to provide its service to them in response to the revision to Japan’s Civil Code to lower the legal age of adulthood from 20 to 18 effective on April 1, 2022. At the seminar, the Company emphasized the importance of building and maintaining a long-term, globally diversified investment portfolio.

Furthermore, the Company completed its office expansion in June in response to business expansion.

As a result, as of June 30, 2022, there were 343 thousand users (increased from 287 thousand users from a year ago) and assets under management totaled 675.4 billion yen (increased from 485.2 billion yen a year ago).

Consequently, for the six months ended June 30, 2022, the operating revenue was 3,092 million yen (up 58.2% year-over-year), and the net operating revenue after deducting financial expenses of 23 million yen from the total operating revenue was 3,069 million yen (up 57.8% year-over-year). The selling, general, and administrative expenses were 3,038 million yen (up 43.4% year-over-year), resulting in an operating profit excluding advertising expenses of 1,046 million yen (up 100.7% year-over-year), an operating profit of 30 million yen (a loss of 175 million yen in the same period of previous fiscal year; same hereinafter), an ordinary profit of 34 million yen (a loss of 176 million yen), and a quarterly net profit of 33 million yen (a loss of 178 million yen).

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, 2022 were 24,372 million yen, decreased by 3,005 million from the end of the previous fiscal year. This was mainly due to the decrease in deposit paid to prime brokerage for ETF purchase by 4,015 million yen.

#### (Liabilities)

Total liabilities as of June 30, 2022 were 13,995 million yen, decreased by 3,343 million yen from the end of the previous fiscal year. This was mainly due to the decrease in deposits received by 3,229 million yen associated with the decrease in tax payments on securities transactions.

#### (Net assets)

Total net assets as of June 30, 2022 were 10,376 million yen, increased by 338 million yen. This was mainly caused by an increase in share capital of 152 million yen and an increase in legal capital surplus of 152 million yen due to shares issued upon the exercise of stock options and restricted shares and an increase in retained earnings of 33 million yen due to the recording of a quarterly net profit.

### (3) Explanation of cash flow

Cash and cash equivalents (hereinafter, “net cash”) as of June 30, 2022 totaled 14,634 million yen, a decrease of 2,867 million from the end of the previous fiscal year.

Cash flows and sources thereof during the six months period ending June 30, 2022 were as follows.

#### (Cash flows from operating activities)

Net cash used in operating activities was 3,014 million yen (1,794 million yen used in the first half of the previous year). This is mainly due to the decrease in deposits received by 3,229 million yen associated with the decrease in tax payments on securities transactions.

#### (Cash flows from investing activities)

Net cash used in investing activities was 157 million yen (38 million yen used in the first half of the previous year). This is mainly due to expenditure to purchase property, plant, and equipment in the amount of 83 million yen and payments for lease and guarantee deposits in the amount of 43 million yen.

#### (Cash flows from financing activities)

Net cash generated by financing activities was 270 million yen (660 million yen generated in the first half of the previous year). This is mainly due to 270 million yen in proceeds from issuance of new shares upon the exercise of stock options.

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

The Company revised its full-year earnings forecast which had announced on February 14, 2022. Please refer to the press release “Notice Regarding Revision of the Full-Year Earnings Forecast for the Fiscal Year Ending December 31, 2022” released on August 12, 2022.

## 2. Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheets

(Units: Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,039,649	11,188,294
Cash segregated as deposits	9,000,000	8,600,000
Cash segregated as deposits for customers	9,000,000	8,600,000
Trading products	71	56
Trade date accrual	2,347	5,782
Advances paid	7,743	2,688
Advance payments	4,354	6,637
Prepaid expenses	75,067	154,157
Accounts receivable - other	2,770	3,677
Accrued income	534,940	575,887
Deposits paid	7,461,762	3,446,063
Other current assets	562	553
<b>Total current assets</b>	<b>27,129,269</b>	<b>23,983,797</b>
Noncurrent assets		
Property, plant, and equipment		
Buildings	68,440	145,043
Equipment	62,701	80,953
Accumulated depreciation	(84,000)	(102,855)
<b>Total property, plant, and equipment</b>	<b>47,142</b>	<b>123,142</b>
Intangible assets		
Software	81,639	65,662
Software in progress	-	31,519
Trademark right	950	875
<b>Total intangible assets</b>	<b>82,589</b>	<b>98,056</b>
Investments and other assets		
Lease and guarantee deposits	97,325	140,587
Long-term prepaid expenses	20,845	26,523
<b>Total investments and other assets</b>	<b>118,171</b>	<b>167,110</b>
<b>Total noncurrent assets</b>	<b>247,903</b>	<b>388,309</b>
<b>Total assets</b>	<b>27,377,172</b>	<b>24,372,107</b>

(Units: Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Deposits received	15,149,687	11,920,495
Accounts payable - other	504,157	394,249
Accrued expenses	134,462	139,541
Income taxes payable	51,246	41,409
Total current liabilities	15,839,553	12,495,697
Noncurrent liabilities		
Long-term loans payable	1,500,000	1,500,000
Total noncurrent liabilities	1,500,000	1,500,000
Total liabilities	17,339,553	13,995,697
Net assets		
Shareholders' equity		
Share capital	3,237,925	3,390,832
Capital surplus		
Legal capital surplus	8,252,690	8,405,597
Other capital surplus	45,690	45,690
Total capital surplus	8,298,380	8,451,287
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,498,669)	(1,465,599)
Total retained earnings	(1,498,669)	(1,465,599)
Treasury shares	(17)	(110)
Total shareholders' equity	10,037,619	10,376,410
Total net assets	10,037,619	10,376,410
Total liabilities and net assets	27,377,172	24,372,107

## (2) Quarterly statement of income

(Units: Thousands of yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Operating revenue		
Fee received	1,924,838	3,024,102
Net trading income	20,618	57,063
Financial revenue	237	1,113
Other operating revenue	8,700	10,200
Total operating revenue	1,954,394	3,092,479
Financial expenses	9,907	23,227
Net operating revenue	1,944,487	3,069,252
Selling, general, and administrative expenses		
Trading-related expenses	1,259,268	1,804,470
Personnel expenses	486,707	693,247
Real estate expenses	96,136	158,831
Office expenses	155,330	214,692
Depreciation	37,499	34,906
Taxes and dues	25,525	44,135
Other	59,101	88,702
Total selling, general, and administrative expenses	2,119,568	3,038,986
Operating profit or loss	(175,081)	30,265
Non-operating income	1,744	6,023
Non-operating expenses		
Stock issuance expenses	2,897	1,065
Other	97	253
Total non-operating expenses	2,995	1,319
Ordinary profit or loss	(176,331)	34,970
Profit or loss before income taxes	(176,331)	34,970
Income taxes - current	1,900	1,900
Total income taxes	1,900	1,900
Profit or loss	(178,231)	33,070



## (3) Quarterly statement of cash flows

(Units: Thousands of yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
<b>Cash flows from operating activities</b>		
Loss before income taxes	(176,331)	34,970
Depreciation	37,499	34,906
Share-based remuneration expenses	1,725	7,596
Loss on disposal of non-current assets	32	-
Decrease (increase) in cash segregated as deposits for customers	(3,200,000)	400,000
Decrease (increase) in trade date accrual	225	(3,435)
Interest and dividend income	(237)	(1,113)
Interest expenses	9,907	23,227
Decrease (increase) in advance payments	(3,300)	(2,282)
Decrease (increase) in prepaid expenses	(4,951)	(61,495)
Decrease (increase) in accounts receivable - other	21,512	(394)
Decrease (increase) in accrued income	(118,214)	(40,946)
Increase (decrease) in deposits received	1,605,419	(3,229,191)
Increase (decrease) in accounts payable - other	41,170	(121,768)
Increase (decrease) in accrued expenses	16,088	5,461
Other, net	(10,906)	(33,034)
Subtotal	(1,780,361)	(2,987,501)
Interest and dividend income received	237	509
Interest expenses paid	(10,439)	(23,609)
Income taxes paid	(3,800)	(3,800)
Net cash provided by (used in) operating activities	(1,794,362)	(3,014,401)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,852)	(83,491)
Purchase of intangible assets	(29,116)	(31,020)
Payments for lease and guarantee deposits	-	(43,261)
Other, net	(660)	-
Net cash provided by (used in) investing activities	(38,628)	(157,774)
<b>Cash flows from financing activities</b>		
Proceeds from share issuance	660,714	270,481
Other, net	(17)	(93)
Net cash provided by (used in) financing activities	660,696	270,387
Effect of exchange rate change on cash and cash equivalents	(1,225)	34,734
Net increase (decrease) in cash and cash equivalents	(1,173,520)	(2,867,053)
Cash and cash equivalents at beginning of period	10,089,443	17,501,412
Cash and cash equivalents at end of period	8,915,922	14,634,358

#### (4) Notes to quarterly financial statements

(Notes on premise of ongoing concern)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

(Adoption of Accounting Standards for Revenue Recognition)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. The Company recognizes revenue at the time the control of promised goods or services is transferred to the customer in the amount expected to be received upon exchange of said goods or services. This change in accounting policies has no impact on the quarterly non-consolidated financial statements.

(Adoption of Accounting Standard for Fair Value Measurement)

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year. The new accounting policy will be applied prospectively, in line with the transitional treatment specified in Paragraph 19 of the Accounting Standard for Market Value Accounting and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This change in accounting policies has no impact on the quarterly non-consolidated financial statements.