



Financial Results for 3Q FY2022

WealthNavi Inc.
November 11, 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 employees¹

128

Engineer & designer %
of all employees¹

48%

Users^{1, 2}

352k

% of 20s-50s users¹

86%

Average monthly churn rate³

<1%

Intention to use
for over 10 years⁴

64%

AuM¹

JPY694Bn

YoY AuM growth⁵

+26%

ARR⁶

JPY6.79Bn

Net AuM retention⁷

120%+

¹ As of September 30, 2022

² "Users" refers to a customer who has AuM of 1 yen or more

³ % of users who go from a positive ETF balance to no ETF balance (monthly, total average from July 2016 to September 2022)

⁴ From the results of the questionnaire survey conducted by WealthNavi in October 2022

⁵ Growth rate of AuM from September 30, 2021 to September 30, 2022

⁶ Annual Recurring Revenue. Calculated by multiplying monthly recurring revenue (Monthly Recurring Revenue, "MRR") before deducting revenue sharing in September 2022 by 12

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

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

Agenda

3Q FY2022 business highlights

3Q FY2022 financial highlights

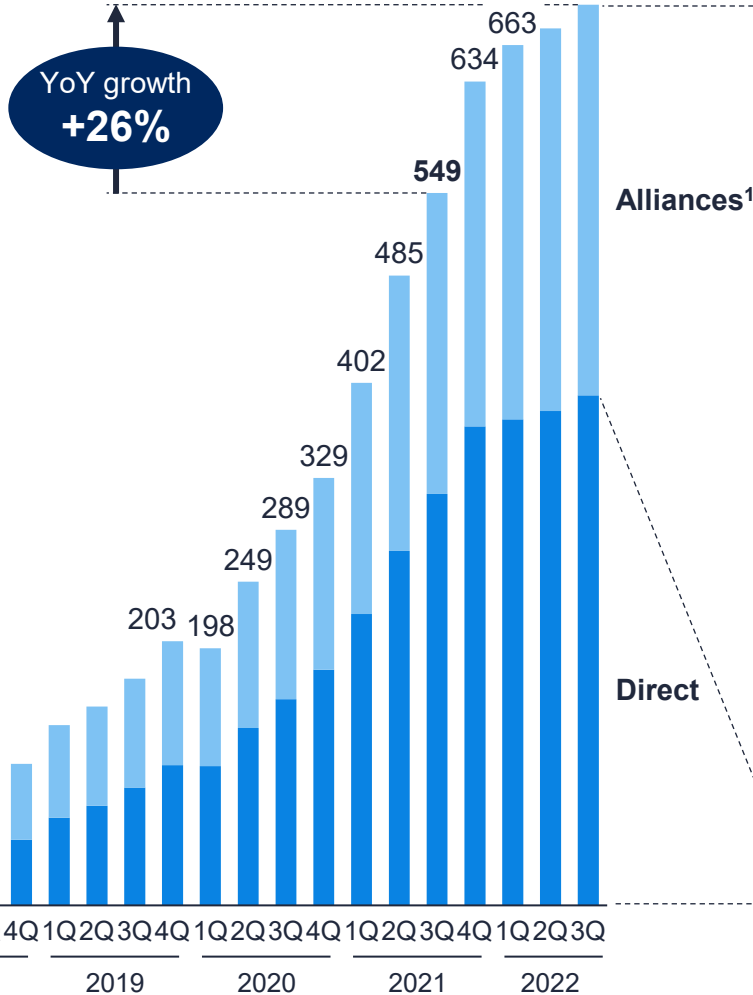
FY2022 full-year forecast

Appendices

Both direct and alliance channels drive rapid growth

AuM trend

JPY billions, market value



Service	Partner	Launch
WealthNavi for AEON CARD	AEON Credit Service	Jul. 2022
たいこうNavi ³	TAIKO Bank	Oct. 2021
く中京)おまかせNavi ³	Chukyo Bank	Aug.
夢おいNavi ³	Hamamatsu Iwata Shinkin Bank	Nov. 2020
WealthNavi for 三菱UFJ銀行	MUFG Bank	Nov.
岡三Navi <small>ハイブリッド</small> ³	Okasan Securities	Sep.
WealthNavi for 東京スター銀行	Tokyo Star Bank	Apr.
WealthNavi for ODAKYU	Odakyu	Nov. 2019
北國おまかせNavi ³	Hokkoku Bank	Oct.
WealthNavi for 東京海上日動	Tokio Marine Nichido	Aug.
WealthNavi for ネオモバ ²	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 ²	SBI Securities	Jan.
WealthNavi		Jul. 2016

1 Channels available as of September 30, 2022. Launched “WealthNavi for Chiba Bank” with the Chiba Bank on October 5 and “WealthNavi for Juroku Bank” with the Juroku Bank on November 8. Preparing with the Toho Bank for a new service

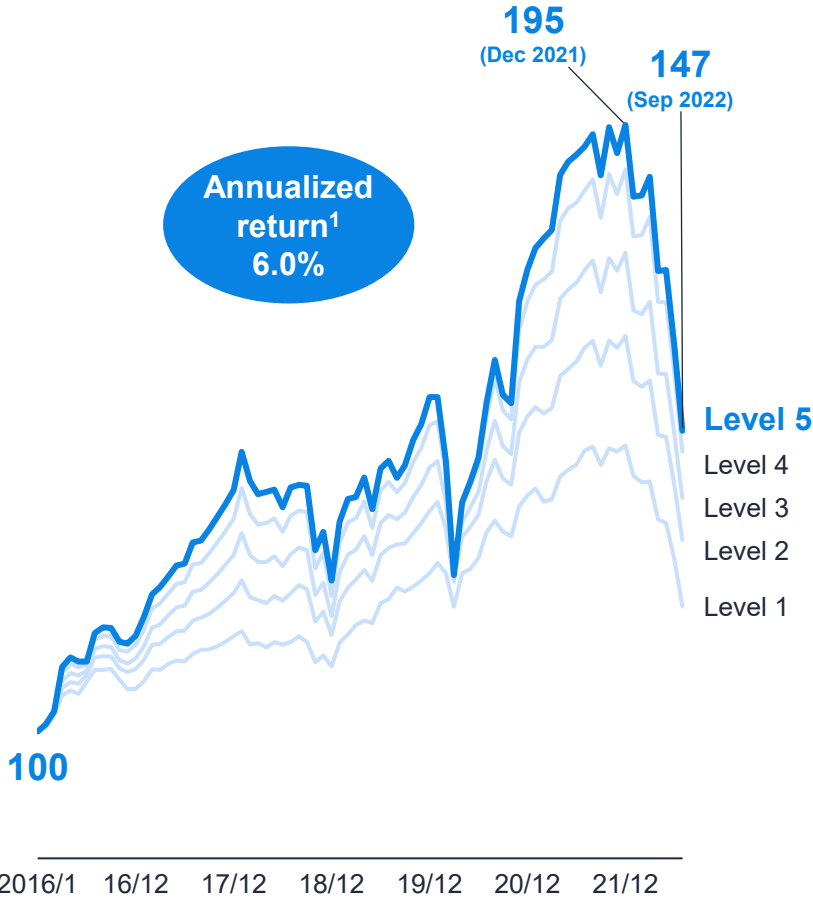
2 Received the termination notices of the business alliances on September 30, 2022 and terminated the alliances on November 4, 2022

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

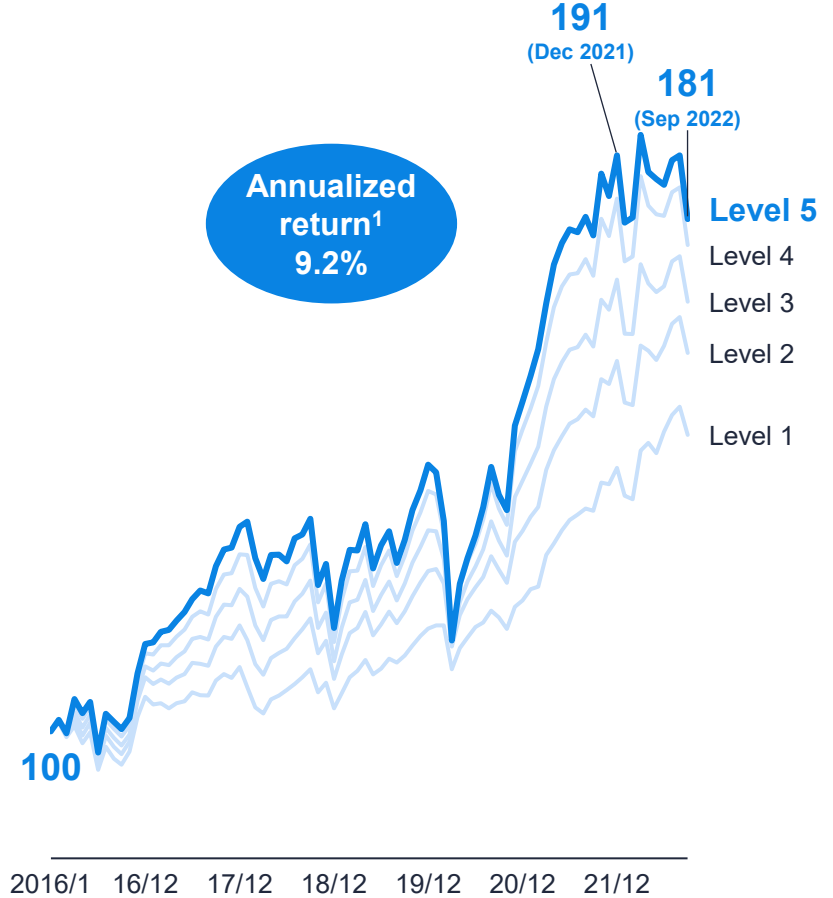
Favorable performance – positive to AuM growth

Portfolio performance by risk tolerance level

USD-denominated, after fee



JPY-denominated, after fee



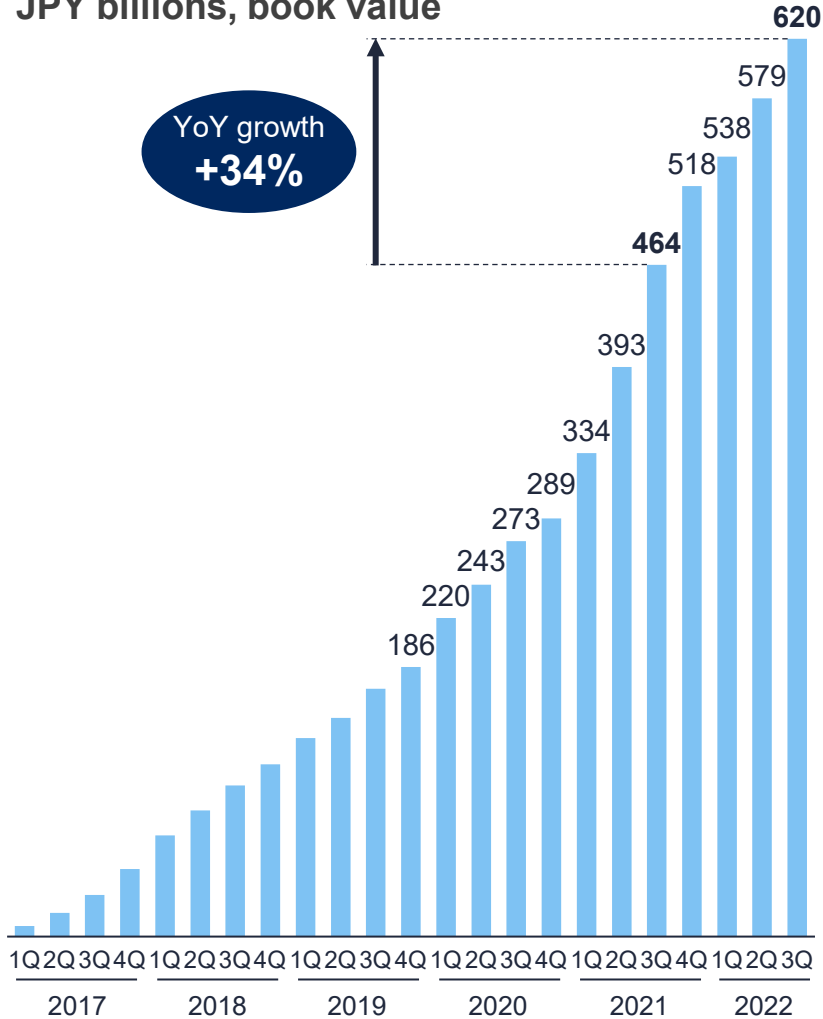
¹ Shows the annualized return of level 5, which 45% of users choose as of June 30, 2022

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

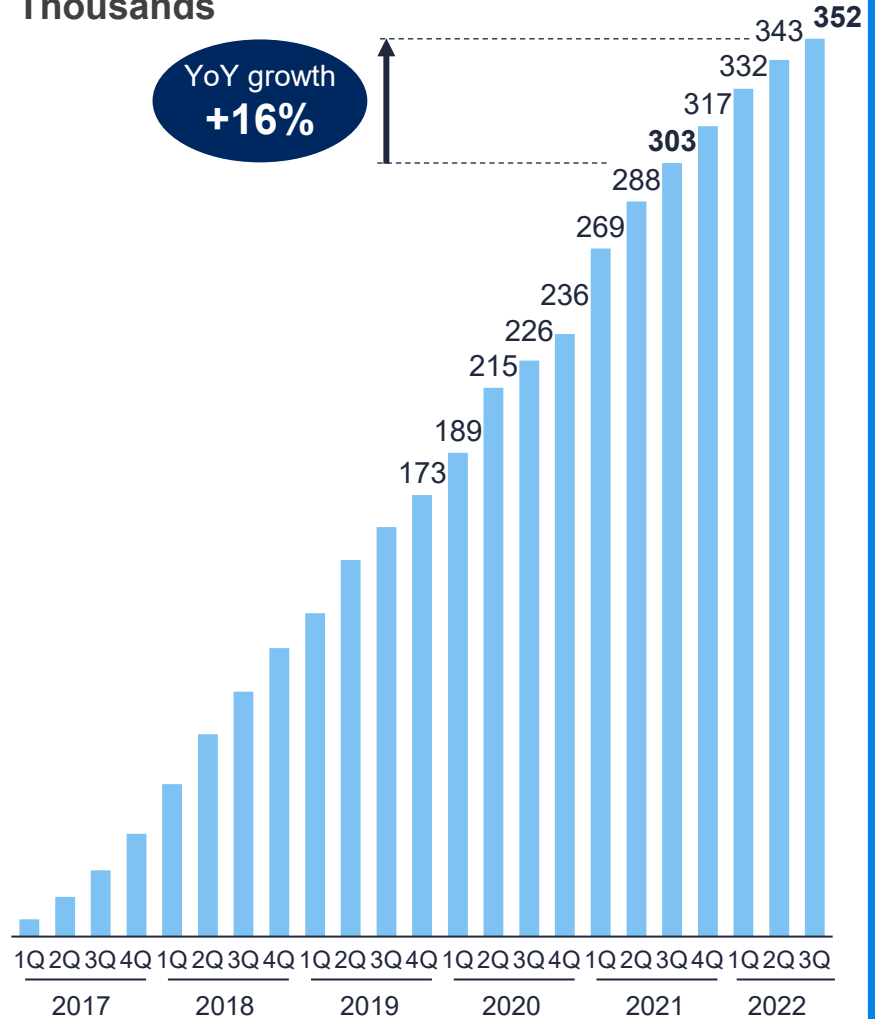
Book-value AuM

JPY billions, book value



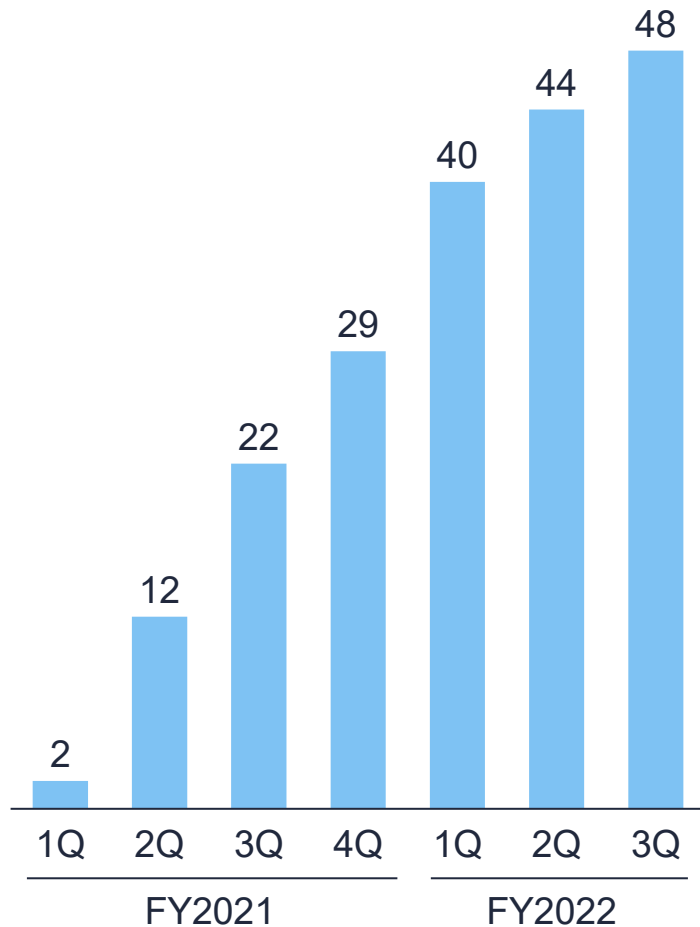
Number of users

Thousands

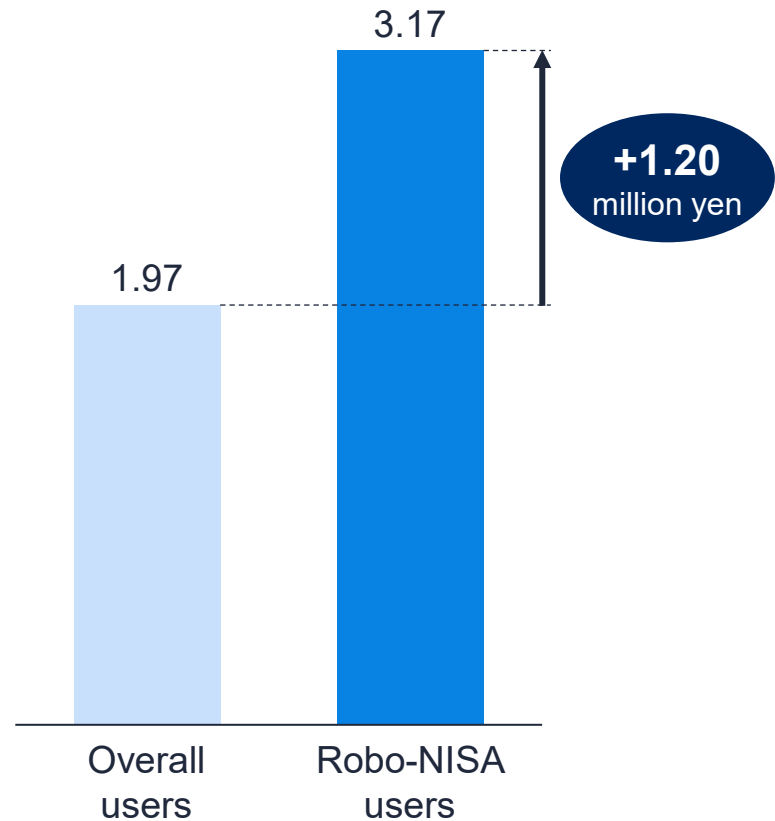


Robo-NISA contributes to AuM growth

Number of “Robo-NISA” users
Quarterly; thousands



AuM per user^{1,2}
JPY million; Sep. 2022

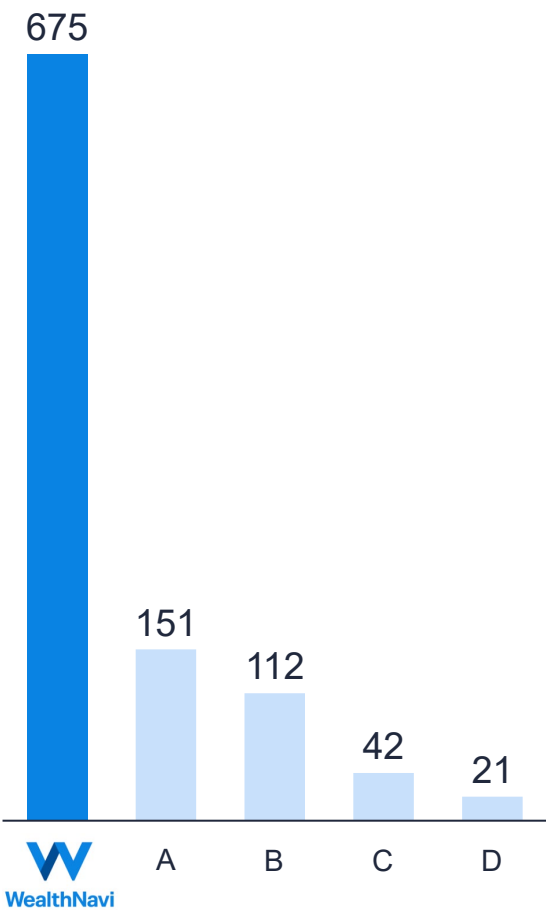


¹ AuM per user is calculated as follows. For overall average, dividing total AuM by the number of users. For average of Robo-NISA users, dividing total AuM of Robo-NISA users, a sum of regular account and NISA account, by the number of Robo-NISA users

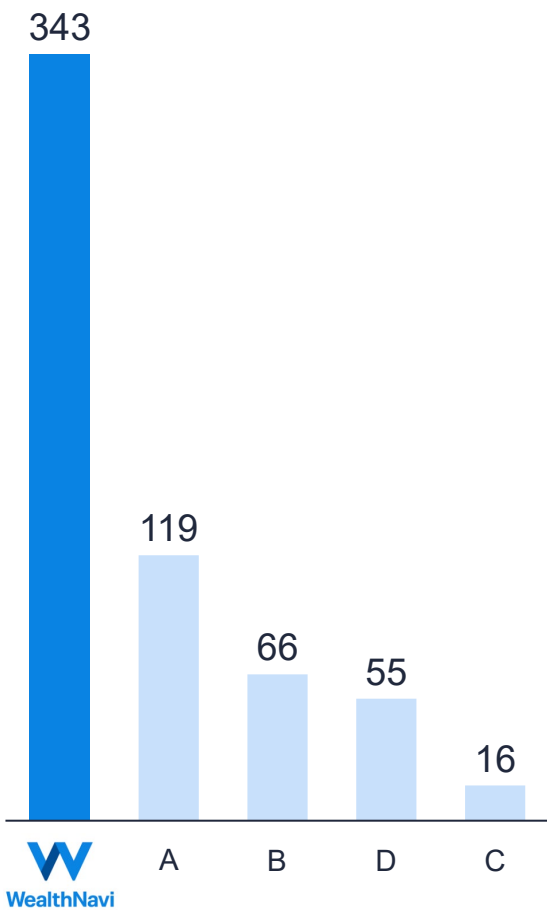
² Excluding users with AuM of 1 billion yen and above

WealthNavi is the leading robo-advisor in Japan

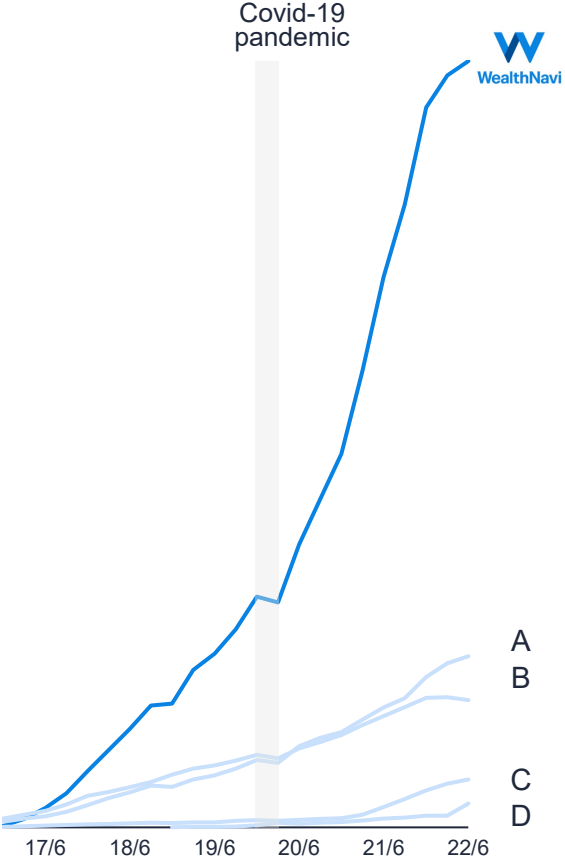
AuM
JPY billions; June 2022



Number of users
Thousands; June 2022



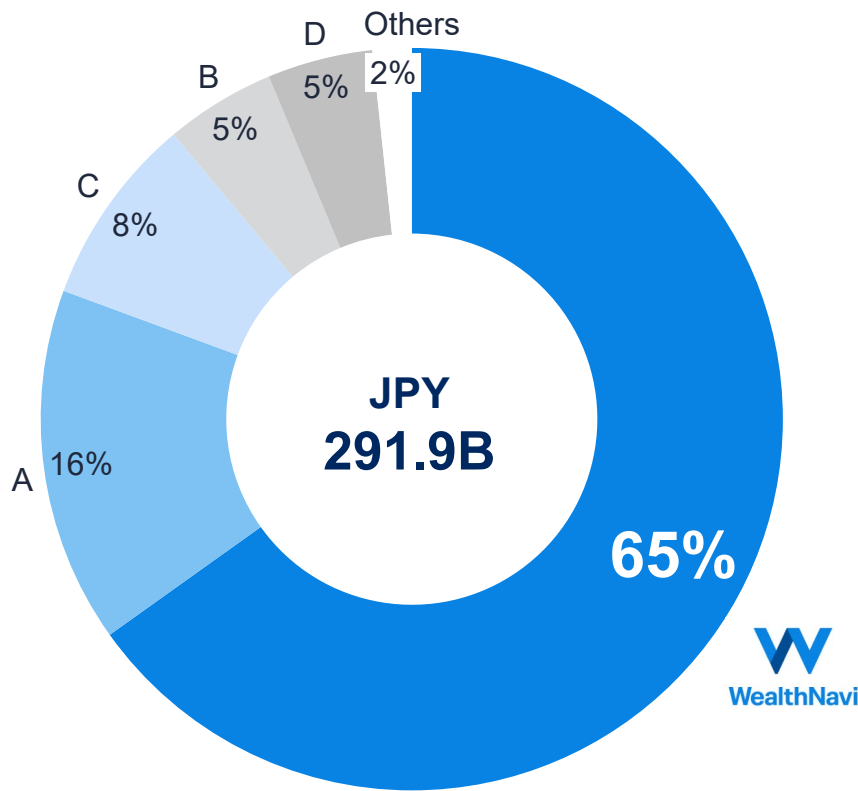
AuM trend
Dec. 2016 to June 2022



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

Distinct market leader – with 65% of total AuM growth of robo-advisors over a 12-month period

Increase in AuM of domestic robo-advisors
June 2021 to June 2022



WealthNavi accounts for 65% of the total AuM growth of robo-advisors over a 12-month period to June 2022

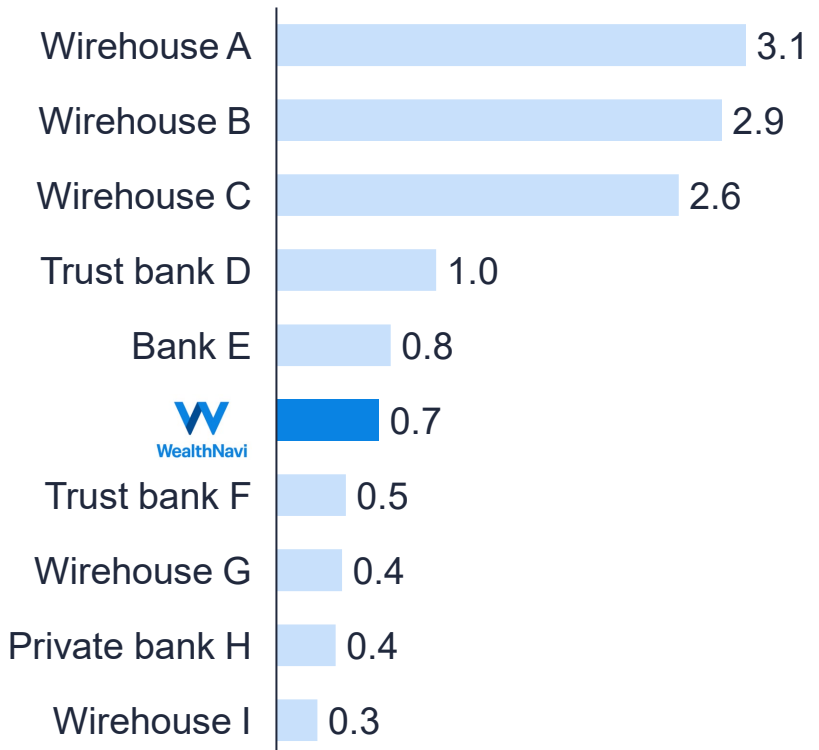
Source: WealthNavi analysis based on Japan Investment Advisers Association's "Contract Asset Status, September 2022". AuM of Company A, B, C, D and other companies include those under "discretionary investment business."

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

Top 10 managed account services in Japan ranked by AuM

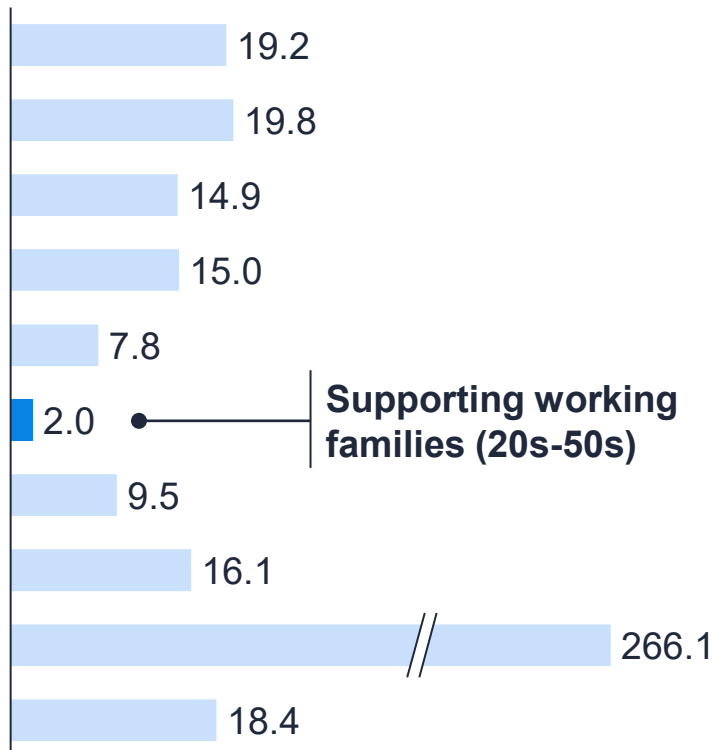
AuM

JPY trillions; June 2022



AuM per user

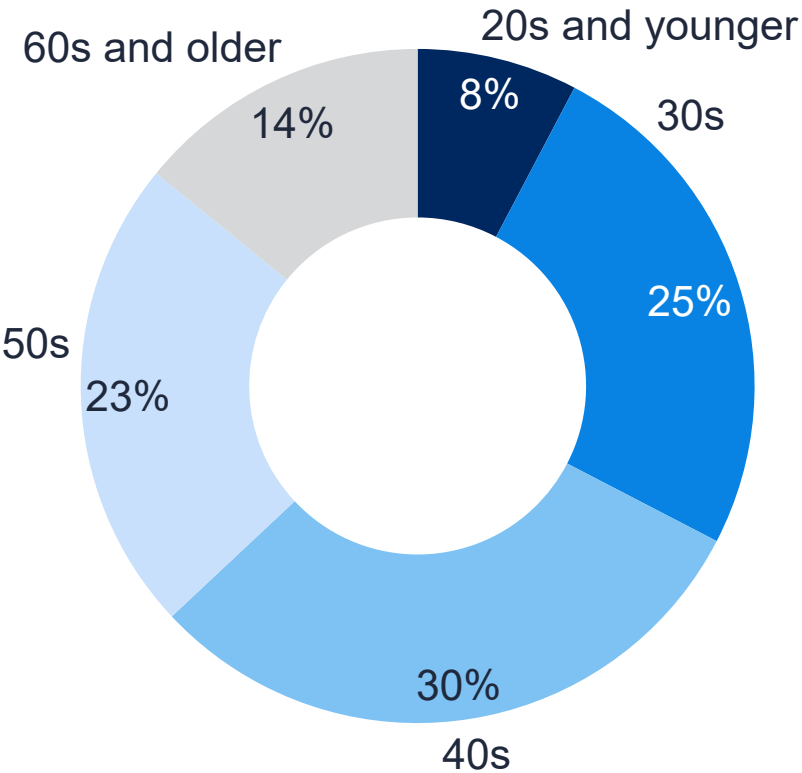
JPY millions; June 2022



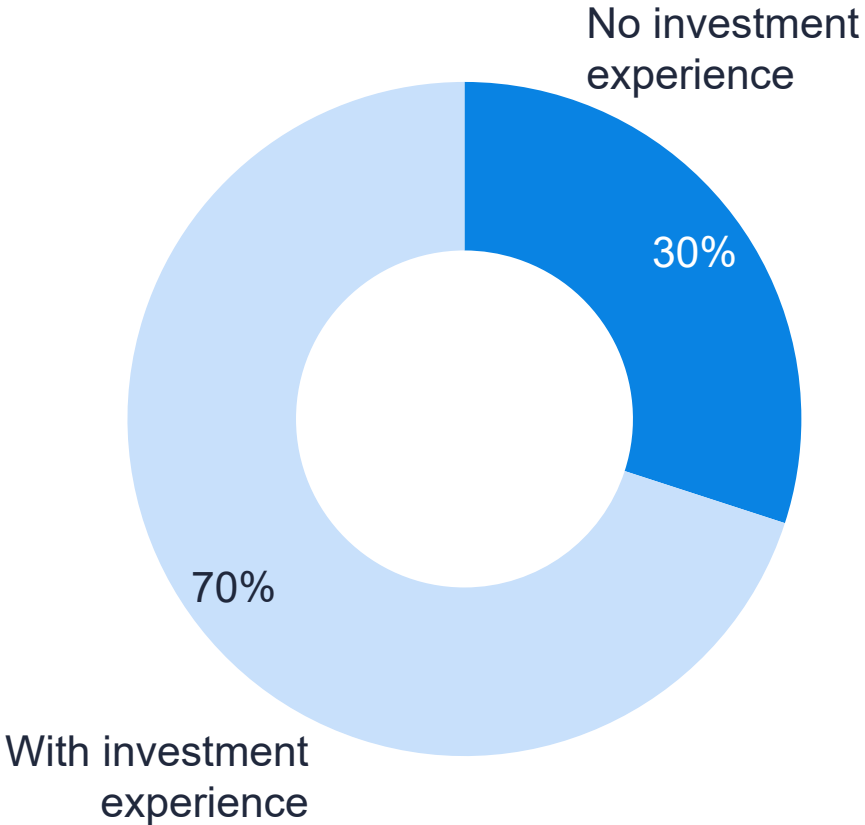
Source: WealthNavi analysis based on websites of the companies listed as "wrap account" managers on Japan Investment Advisers Association, "Contract Asset Status, September 2022"

Most of users are working families, and about 30% have no investment experience

% of users by age¹



% of investment experience²



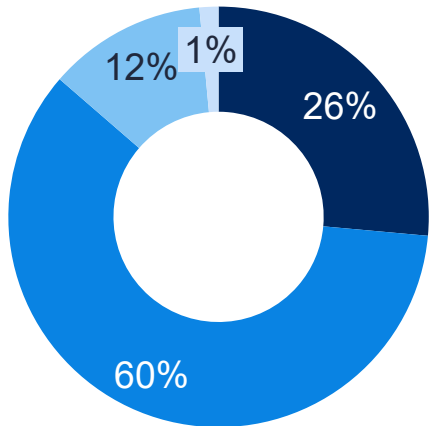
¹ % of account holders by age as of September 30, 2022 (rounded to the nearest whole number)

² % 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 September 30, 2022 (rounded to the nearest whole number)

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

User satisfaction¹

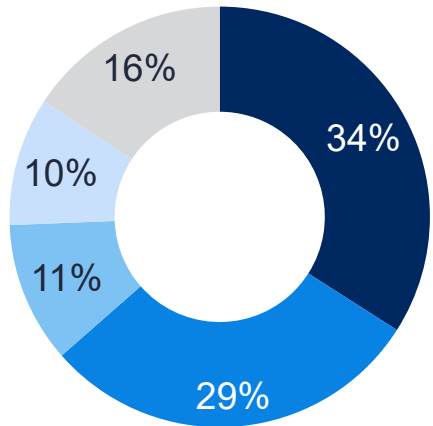
•86% of users are satisfied with WealthNavi



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

Expected years of use²

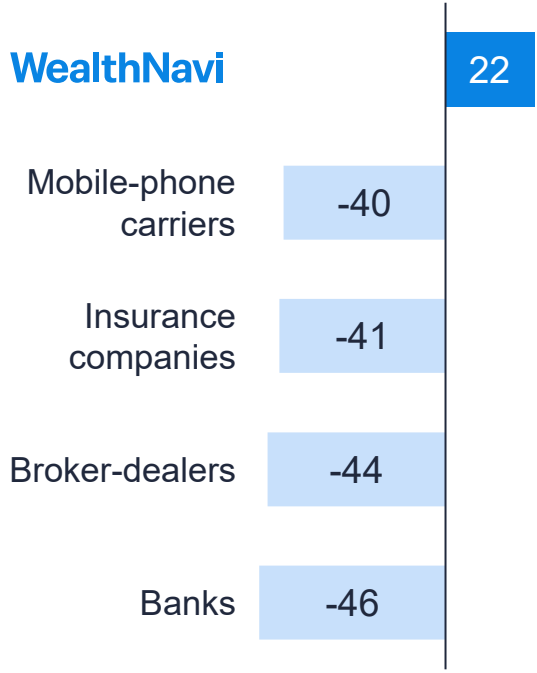
•64% intend to use for 10 years or more



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

NPS³

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



1 Based on the answer to the question "Please rate your satisfaction with WealthNavi" in the questionnaire conducted by WealthNavi in October 2022
 2 Based on the answer to the question "How long do you plan to use WealthNavi?" in the questionnaire conducted by WealthNavi in October 2022. The result is weighted according to the age distribution of users (rounded to the nearest whole number)
 3 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 October 2021 to September 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

3Q FY2022 business highlights

3Q FY2022 financial highlights

FY2022 full-year forecast

Appendices

Steady progress in 3Q

- Maintained high YoY growth in operating revenue under volatile financial market conditions
- Improved profits regardless of increased investments for long-term growth
- Reached profitability in 1-3Q even with a high level of advertising investment

Financial results

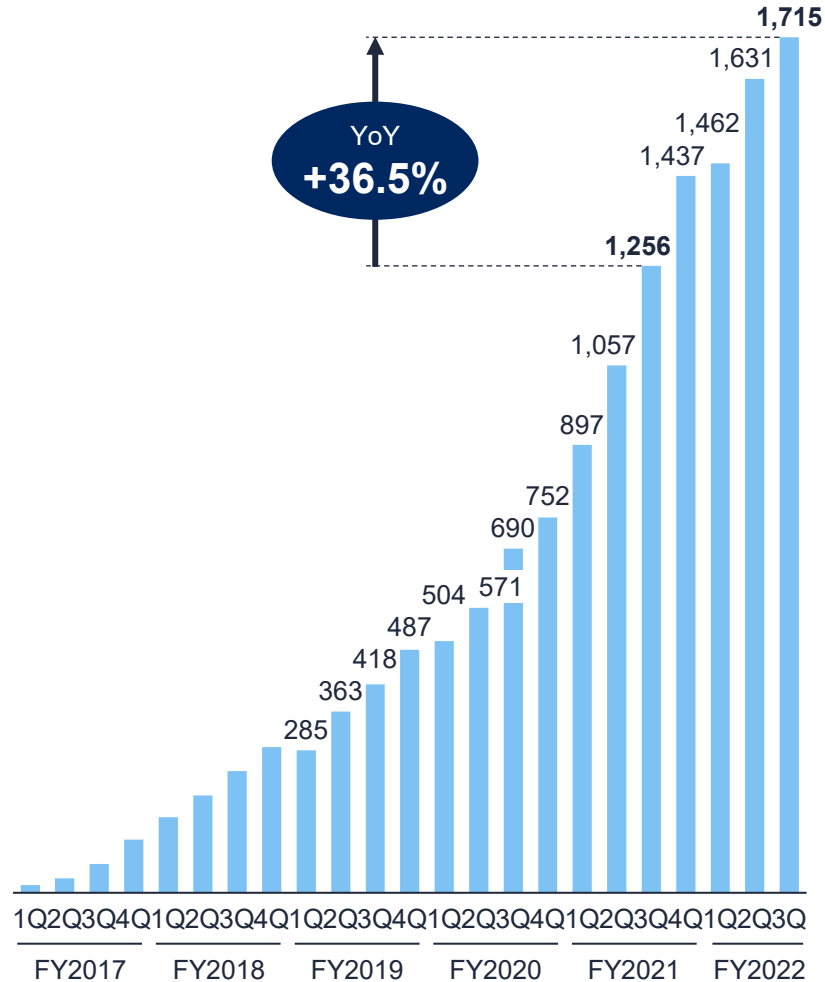
JPY millions

	3Q FY2022				1Q-3Q FY2022			
	Actuals	3Q FY2021		2Q FY2022		Actuals	1Q-3Q FY2021	
		Actuals	YoY	Actuals	QoQ		Actuals	YoY
Operating revenue	1,714	1,256	+36.5%	1,630	+5.1%	4,807	3,210	+49.7%
-) Revenue sharing	311	222	+40.1%	283	+9.7%	853	572	+49.0%
-) Transaction-linked expenses	196	165	+18.6%	193	+1.8%	591	482	+22.5%
-) Personnel expenses	372	277	+34.0%	342	+8.6%	1,065	764	+39.4%
-) Real estate related expenses, etc.	209	158	+32.4%	223	-6.3%	625	437	+43.1%
Operating profit excluding advertising expenses	625	432	+44.6%	587	+6.4%	1,671	954	+75.2%
-) Advertising expenses	520	525	-1.1%	523	-0.6%	1,536	1,222	+45.9%
Operating profit	105	(93)	N/A	64	+63.0%	135	(268)	N/A

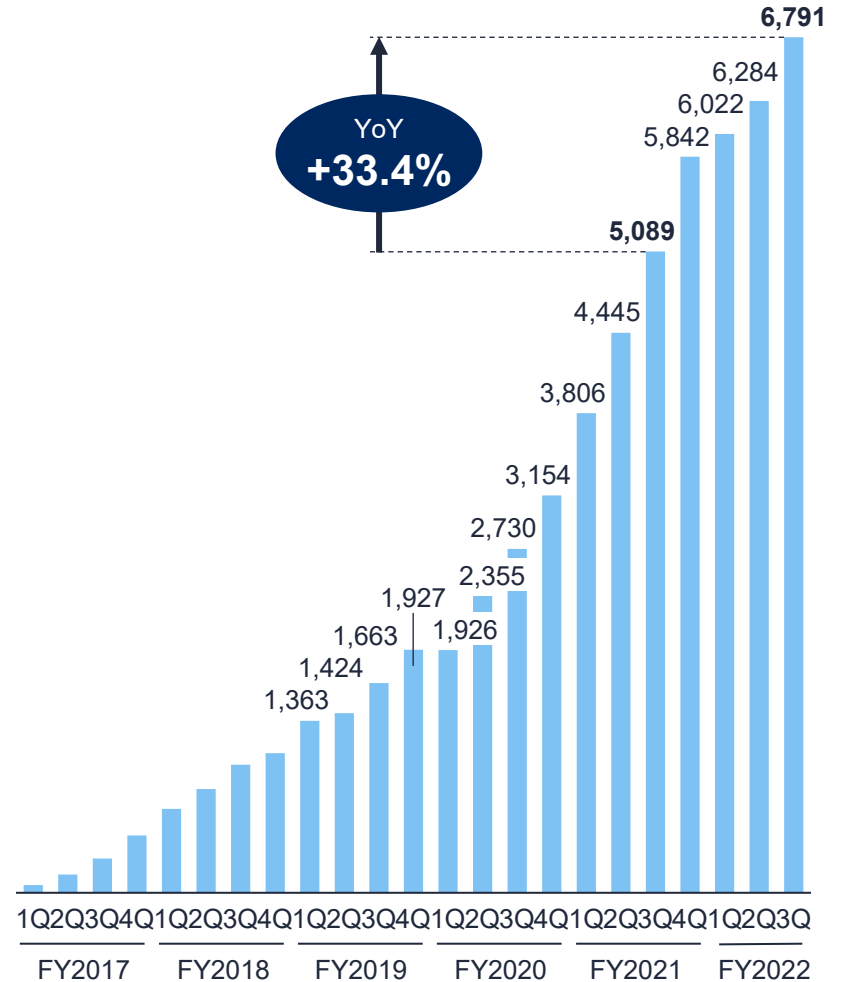
Note: Fractions of one million yen are rounded down

Continued growth in ARR and operating revenue

Operating revenue Quarterly; JPY millions



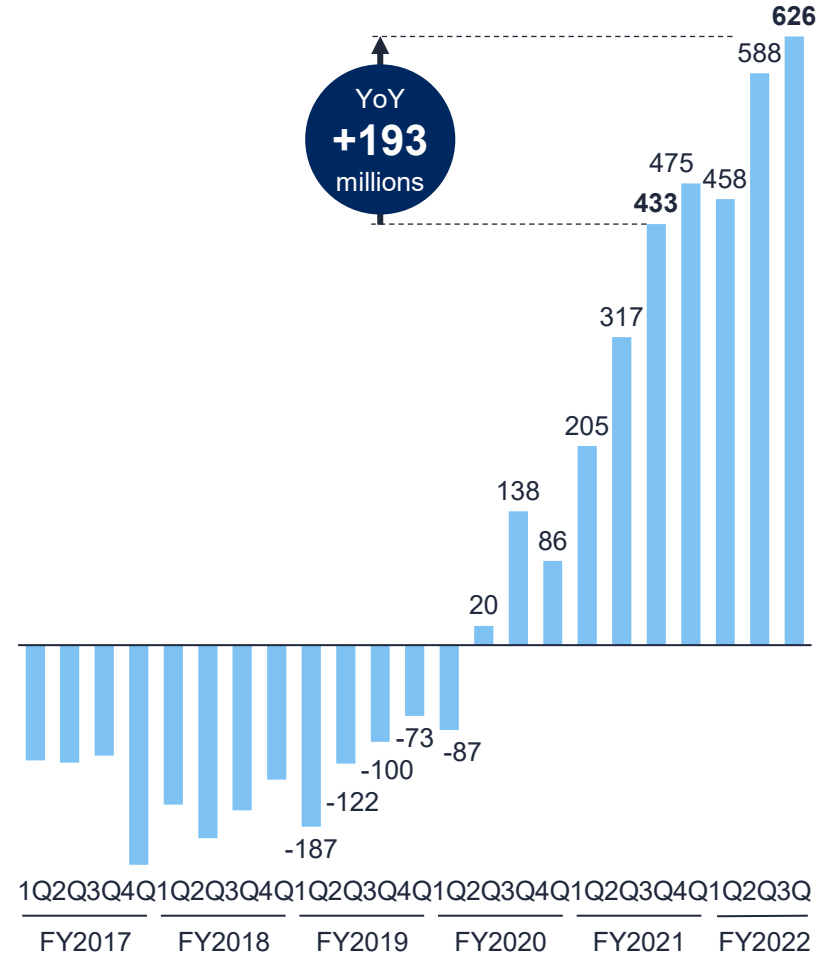
ARR Quarterly; JPY millions



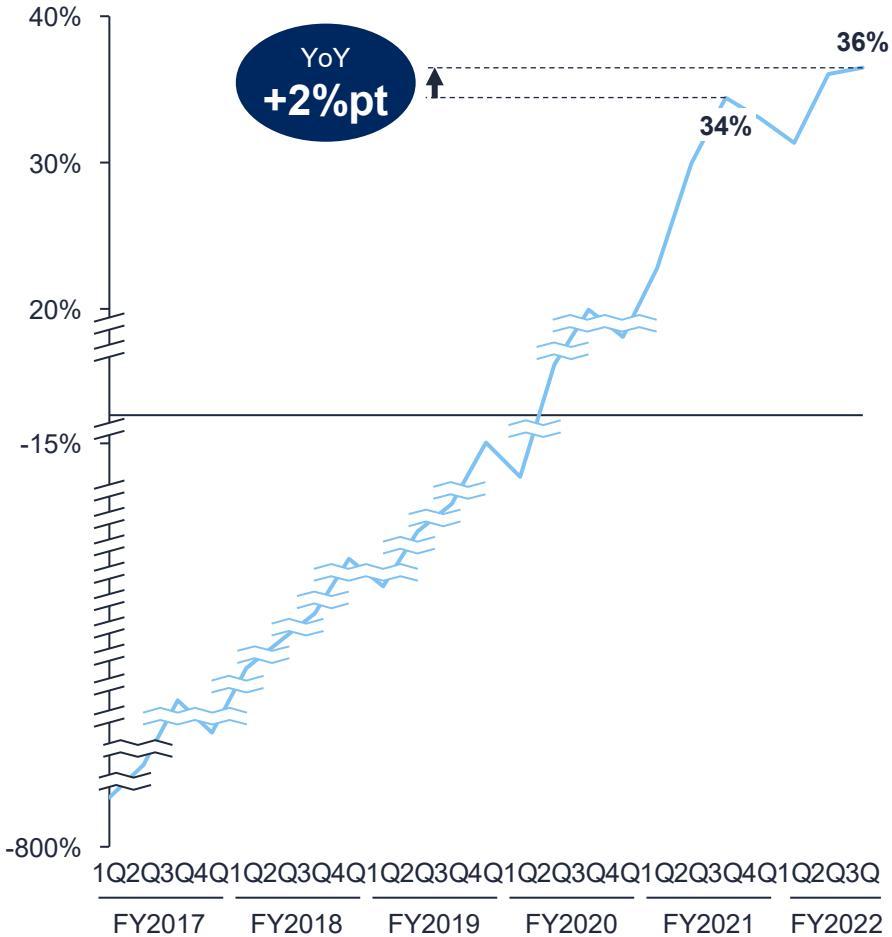
Note: **A**nual **R**ecurring **R**evue. Calculated by multiplying monthly recurring revenue (MRR : **M**onthly **R**ecurring **R**evue) before deducting revenue sharing in the last of each quarter by 12

Operating profit excluding advertising expenses steadily grew

Operating profit excluding advertising expenses
Quarterly; JPY millions



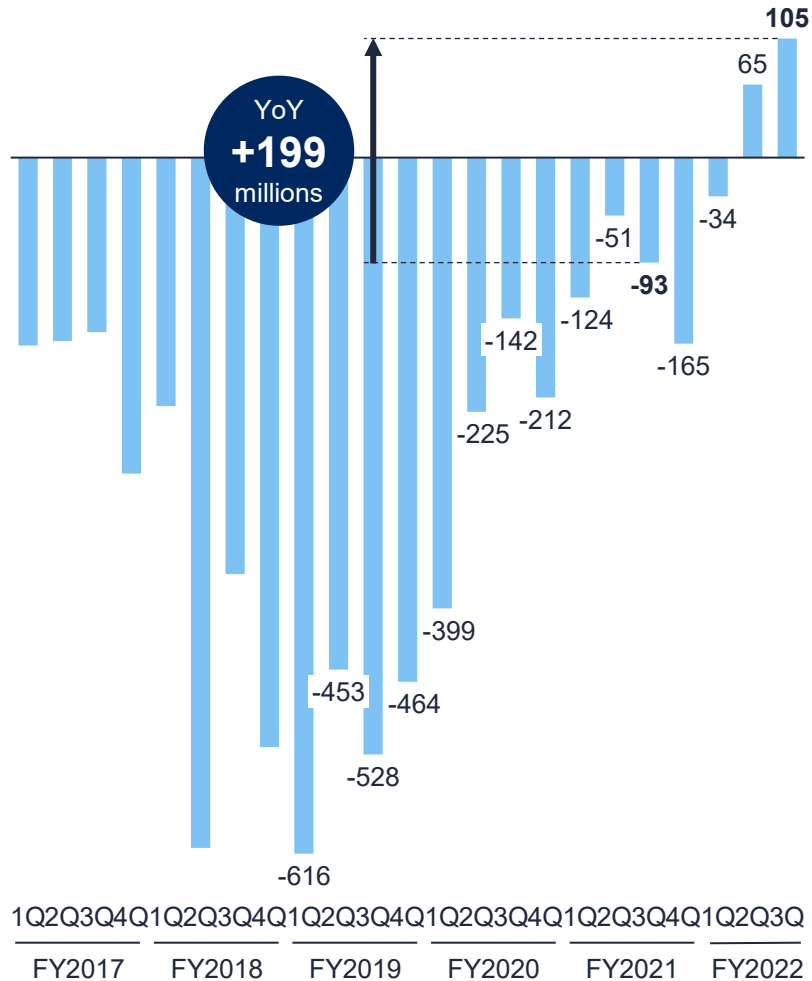
Operating profit margin excluding advertising expenses
Quarterly; %



Quarterly operating profit turned into the black

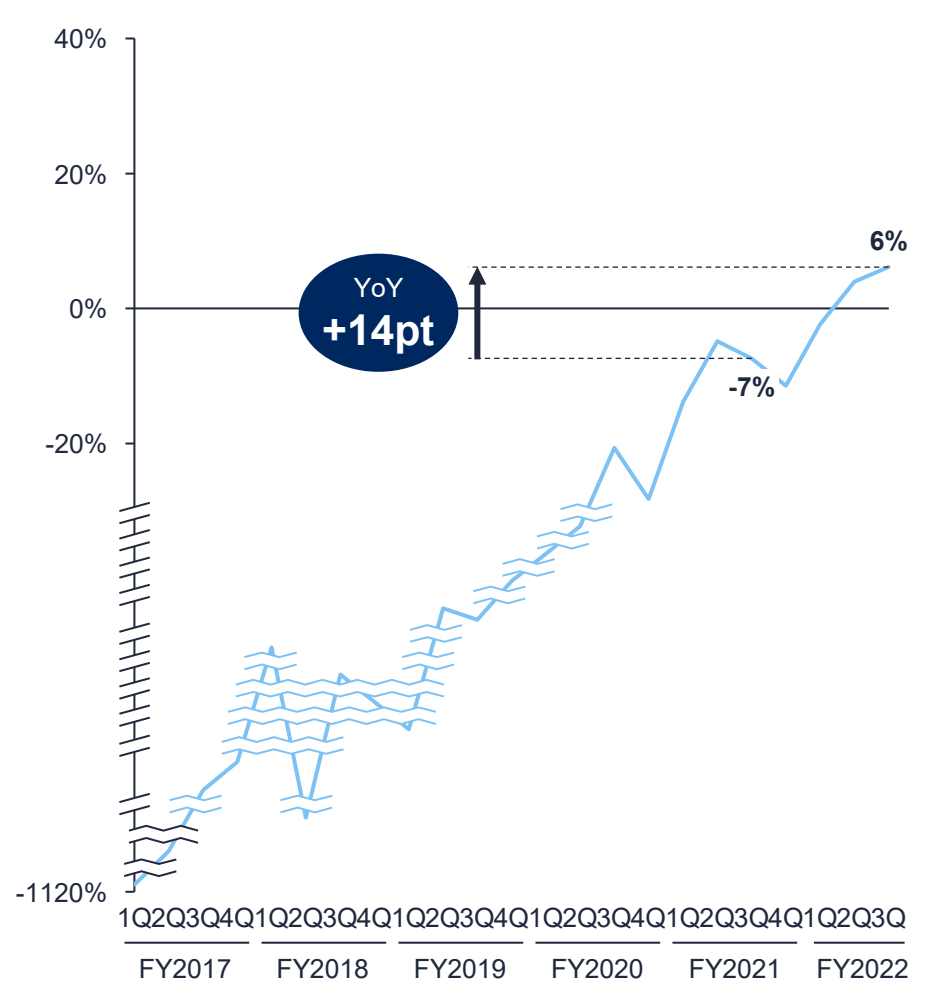
Operating profit

Quarterly; JPY millions



Operating profit margin

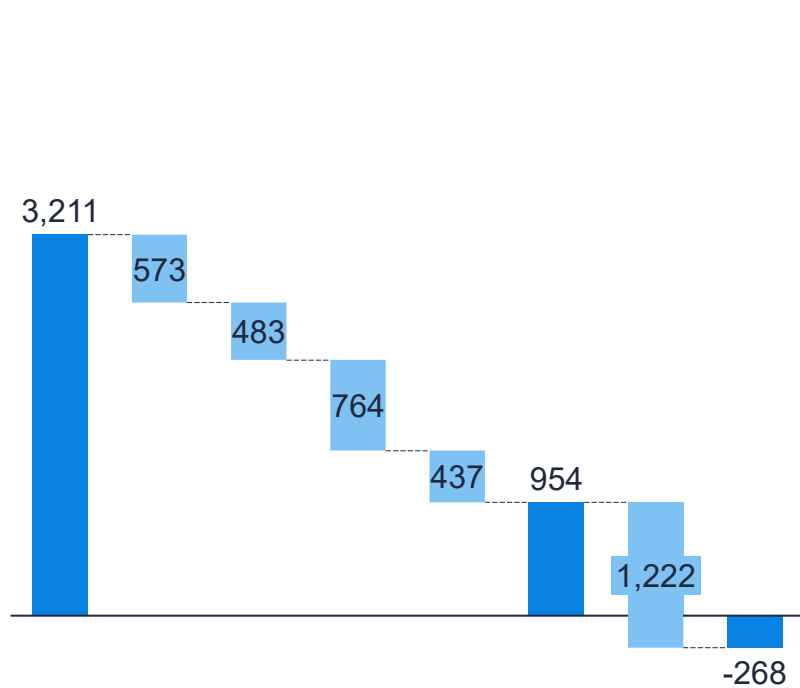
Quarterly; %



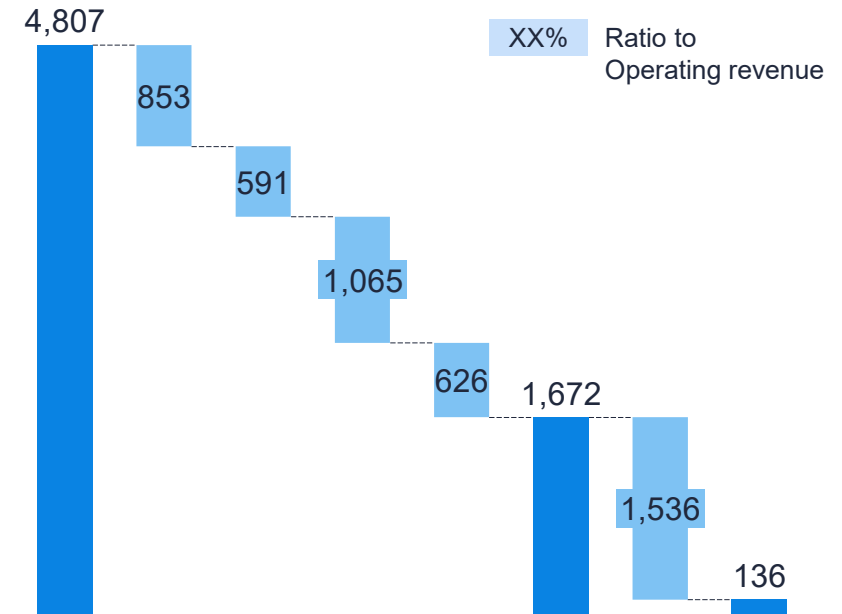
Cost structure improved significantly compared to last year

Breakdown of revenue and expenses

1Q-3Q FY2021; JPY millions



1Q-3Q 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

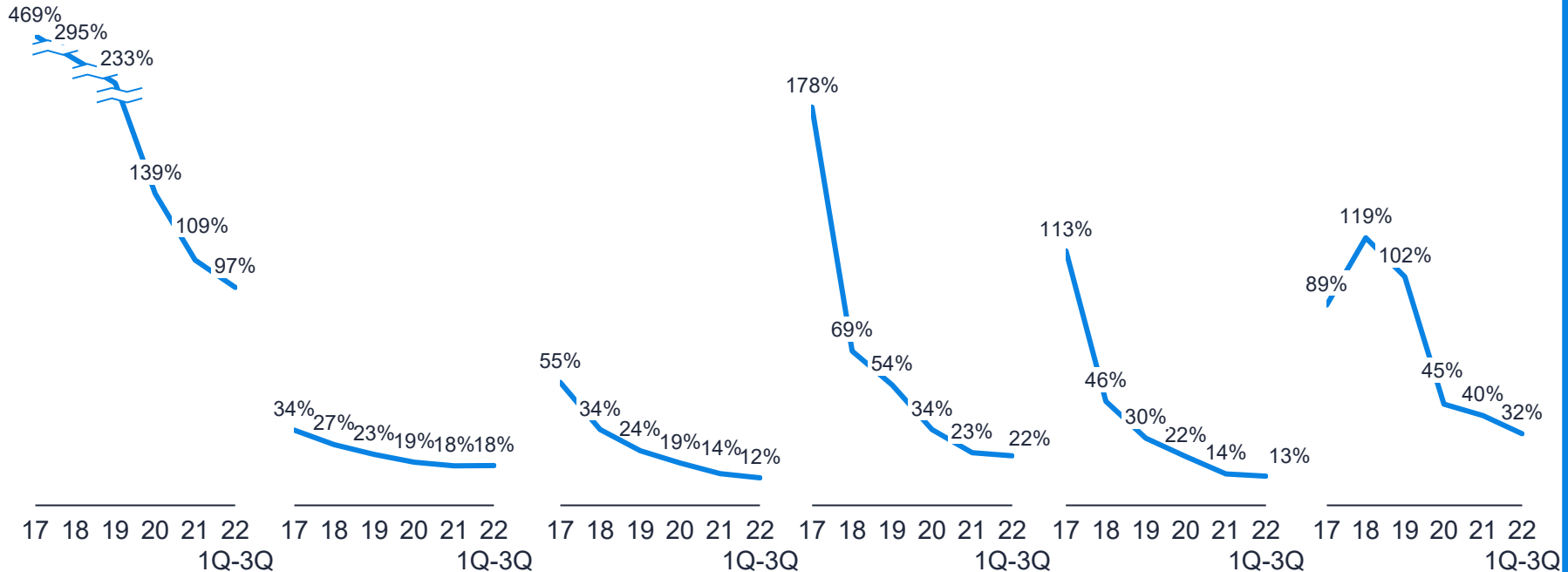
3 "Real estate related expenses, etc." include real estate related expenses, server costs, other sales and administrative expenses

Cost structure improved while investing for growth

- Revenue sharing: unchanged due to growth in alliance channels
- Transaction-linked expenses / Personnel expenses: continued to improve
- Real estate related expenses: improved despite the office expansion in 2Q
- Advertising expenses: maintained a high level of investment, but spent less than originally planned, considering effectiveness under prolonged volatile market conditions

Operating revenue ratio

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



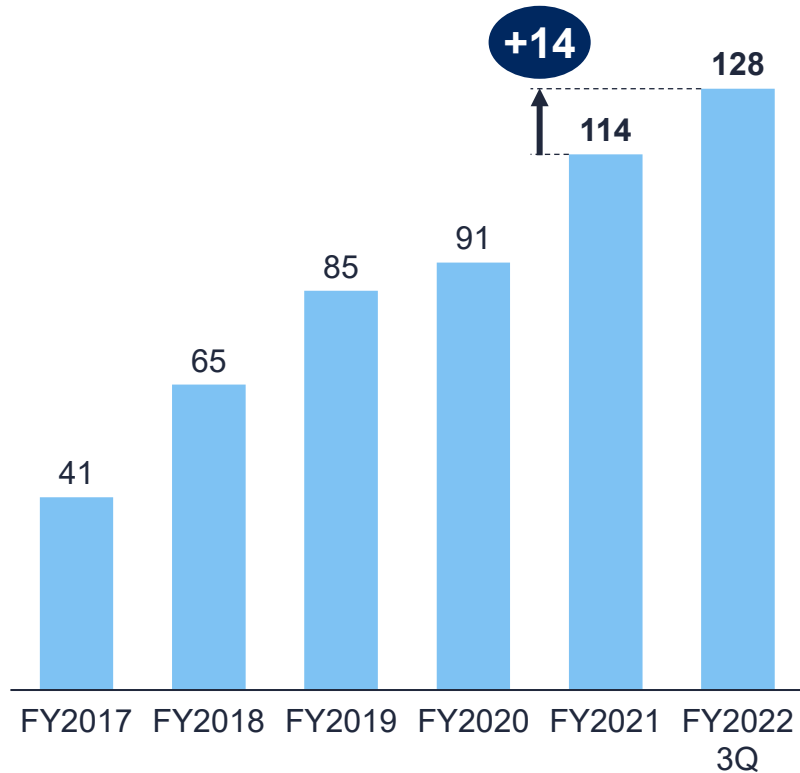
1 "Transaction-related expenses" include account opening expenses, deposit/recurring/withdrawal fees, etc.

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

Recruiting across functions to accelerate growth

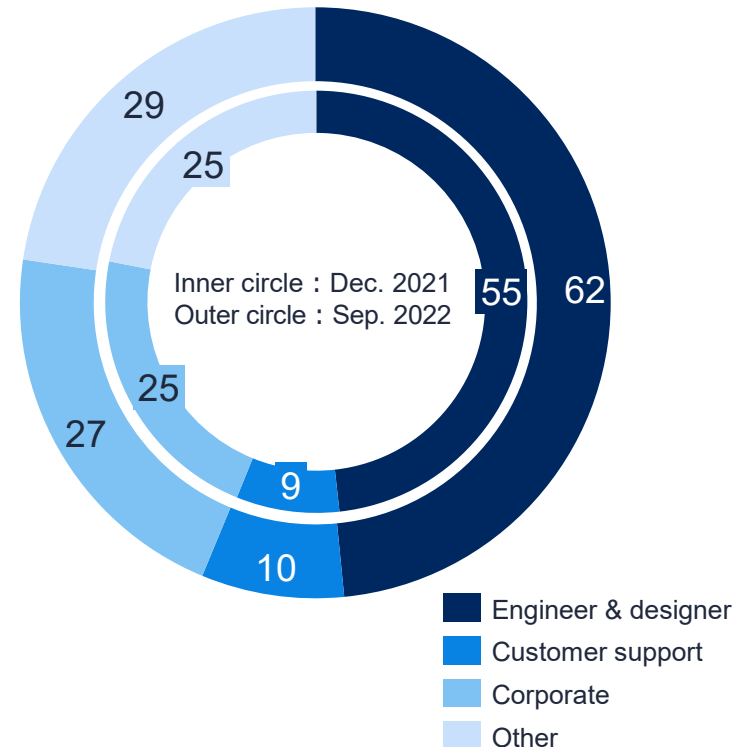
- Continue to strengthen recruitment of engineers & designers and sales & marketing talents in order to accelerate the existing business as well as developing new businesses
- Slightly behind the plan, but continue to focus on talent density

Number of employees



Breakdown of full-time staff by function

As of Dec. 2021 and Sep. 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	2Q	3Q
Operating revenue	285	362	417	486	504	571	689	751	897	1,056	1,256	1,436	1,461	1,630	1,714
-) Revenue sharing	76	85	92	99	109	114	122	139	158	192	222	248	258	283	311
-) Transaction-linked expenses	91	88	99	98	125	108	118	122	153	163	165	173	201	193	196
-) Personnel expenses	191	206	209	226	224	209	186	228	238	248	277	325	350	342	372
-) Real estate related expenses, etc.	112	103	114	134	131	118	123	175	143	135	158	214	192	223	209
Operating profit excluding advertising expenses	(186)	(121)	(99)	(72)	(87)	19	137	86	204	316	432	474	458	587	625
-) Advertising expenses	429	331	428	391	312	244	280	298	328	367	525	639	492	523	520
Operating profit	(616)	(453)	(528)	(463)	(399)	(224)	(142)	(212)	(123)	(51)	(93)	(164)	(34)	64	105

Operating revenue ratio

-) Revenue sharing	27%	24%	22%	20%	22%	20%	18%	18%	18%	18%	18%	17%	18%	17%	18%
-) Transaction-linked expenses	32%	24%	24%	20%	25%	19%	17%	16%	17%	15%	13%	12%	14%	12%	11%
-) Personnel expenses	67%	57%	50%	47%	45%	37%	27%	30%	27%	24%	22%	23%	24%	21%	22%
-) Real estate related expenses, etc.	40%	29%	28%	28%	26%	21%	18%	23%	16%	13%	13%	15%	13%	14%	12%
Operating profit excluding advertising expenses	-65%	-34%	-24%	-15%	-17%	3%	20%	11%	23%	30%	34%	33%	31%	36%	36%
-) Advertising expenses	150%	91%	103%	80%	62%	43%	41%	40%	37%	35%	42%	44%	34%	32%	30%
Operating profit	-216%	-125%	-127%	-95%	-79%	-39%	-21%	-28%	-14%	-5%	-7%	-11%	-2%	4%	6%

Note: Fractions of one million yen are rounded down

Agenda

3Q FY2022 business highlights

3Q FY2022 financial highlights

FY2022 full-year forecast

Appendices

Termination of the alliance with SBI Securities: (1) Earnings forecast revision

- Received termination notices of business alliance from SBI Securities and its subsidiary, SBI Neomobile Securities, on September 30, 2022, and revised our full-year earnings forecast
- Terminated the business alliances with the two SBI companies on November 4, 2022
- For your reference, SBI Holdings, Inc. decreased its holdings of WealthNavi shares to 0% as of September 30, 2022

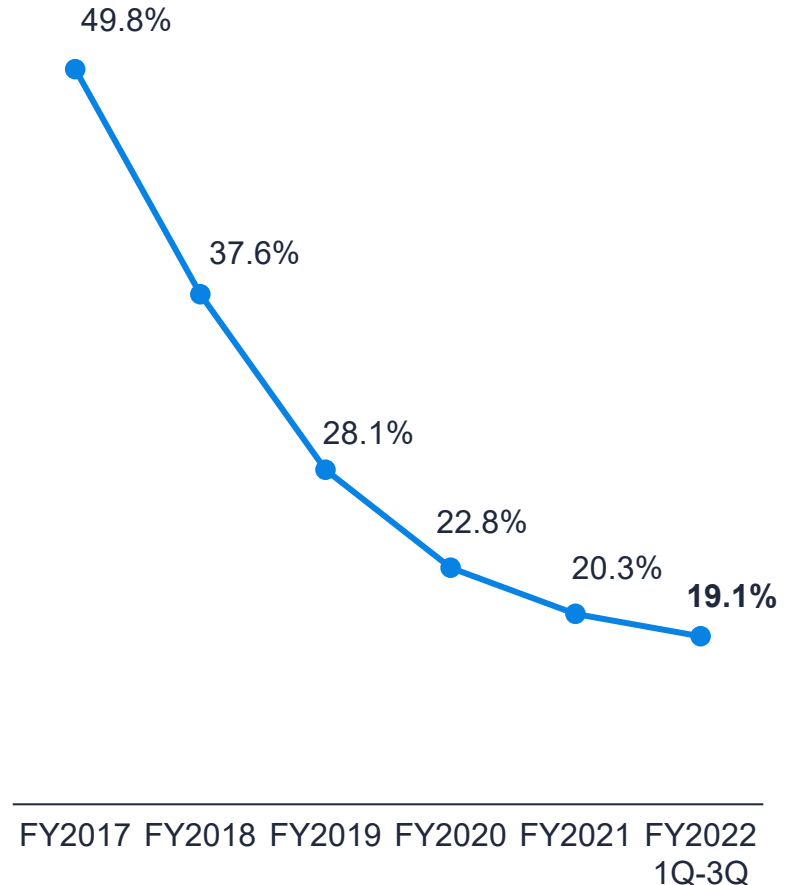
Forecast FY 2022 full-year		Previous As of Aug. 12	Revised As of Sep. 30	Difference
Operating revenue		JPY 6,536 million YoY: +41%	JPY 6,536 million YoY: +41%	No change
Operating profit		JPY 33 million YoY: N/A	JPY 45 million YoY: N/A	JPY 12 million +36.4%
AuM	Market value ¹	JPY 761.4 billion YoY: +20%	JPY 761.4 billion YoY: +20%	No change
	Book value	JPY 649.7 billion YoY: +25%	JPY 649.7 billion YoY: +25%	No change

¹ Gap between market value and book value is fixed at the level of the end of July 2022 or 111.7 billion yen

Termination of the alliance with SBI Securities: (2) Underlying assumptions for the revision

- The customers and assets of the services with SBI Securities and SBI Neomobile Securities are to be automatically switched to our direct service
- Our business has become less dependent on the two SBI services in terms of the fee received

The percentage of the fee received from the two SBI services



Termination of the alliance with SBI Securities:

(3) Operating revenue forecast – no change

Impact for FY2022 operating revenue

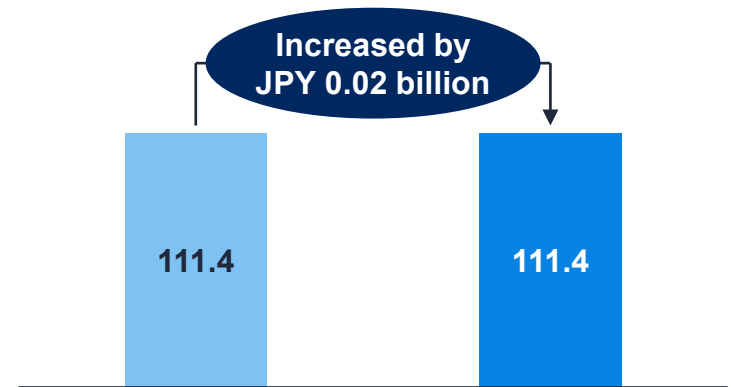
- Limited impact on AuM and users so far
- User acquisition through the two SBI services had stopped, but its impact is rather negligible
 - The increase in the number of users through the two channels were;
 - 2.7K / 10.4%¹ in FY2022 1Q-2Q
 - 3.2K / 9.4%¹ in FY2022 1Q-3Q
 - Plans to enhance advertising by leveraging a part of revenue sharing costs which we cease to pay

Impact for FY2023 and beyond

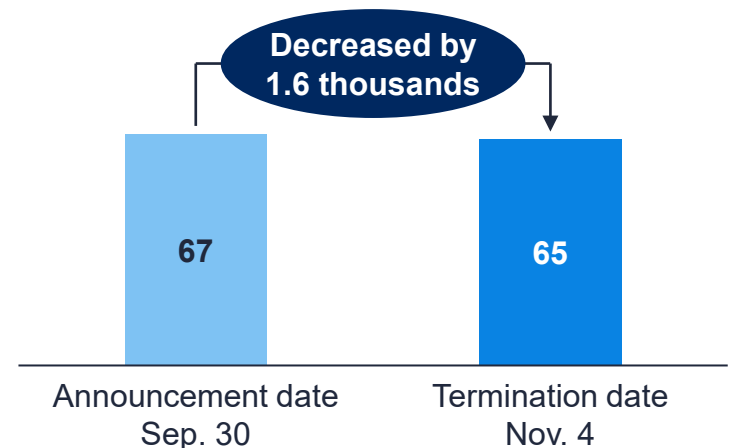
- Some users who were attracted by the SBI brand may leave our service
- Plans to start offering the loyalty program to the users of the two SBI services to retain them

Two SBI services' AuM and users

Book-value AuM; JPY billions



Number of users; Thousands



¹ Percentage of the total user increase in all the direct and alliance channels during the period

Termination of the alliance with SBI Securities: (4) Operating profit forecast – revised upward

Impact for FY2022 operating profit

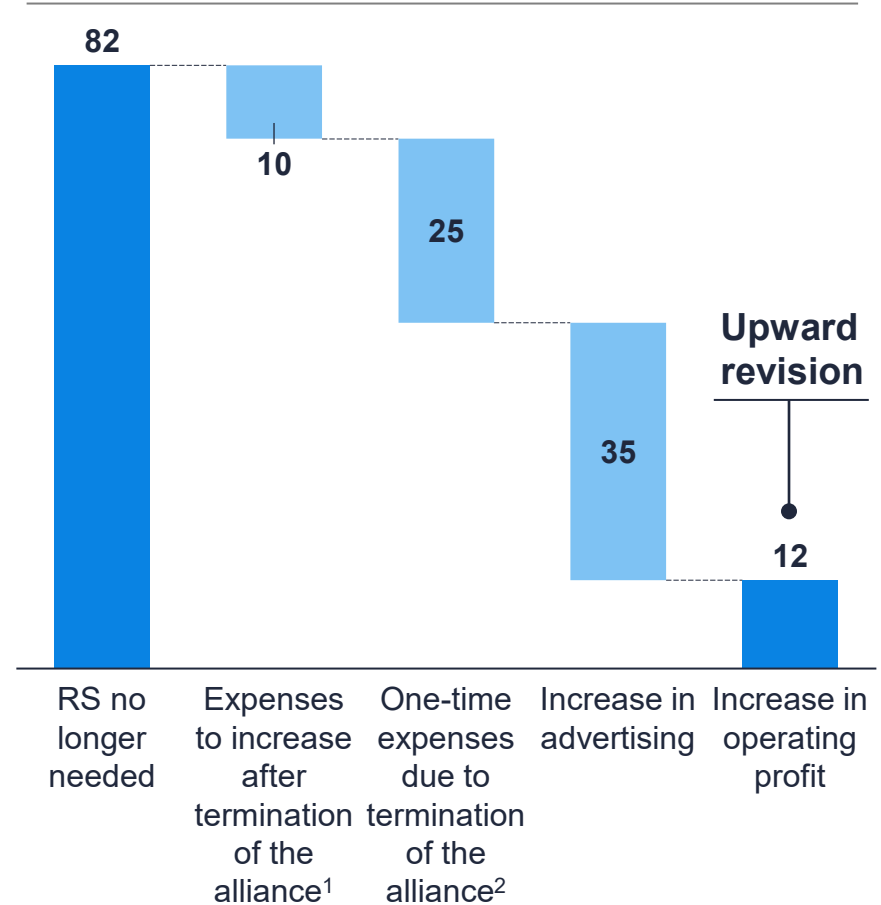
- Discontinues revenue sharing to SBI Securities and SBI Neomobile Securities
 - JPY 235 million in FY2022 1Q-2Q
 - JPY 364 million in FY2022 1Q-3Q
- Plans to switch a part of revenue sharing costs which we cease to pay to:
 - advertising for new user acquisition; and
 - the loyalty program to retain the users of the two SBI services

Impact for FY2023 and beyond

- Achieves long-term growth by enhancing advertisement and developing new services, leveraging a part of revenue sharing costs which we cease to pay

Breakdown of upward revision

JPY millions; as of Sep. 30



¹ "Expenses to increase after termination of the alliance" includes fee discounts associated with the loyalty program and transaction-linked expenses

² "One-time expenses due to termination of the alliance" includes temporary personnel expenses to enhance customer support, cost of postage, etc.

Key assumptions and progress

- On track
- At risk
- Immediate action needed

Key assumptions as of Aug. 12

Progress in Q3 ¹

Operating revenue

- Current market conditions to continue

- Continues aggressive, yet disciplined, advertising with expenses at the same level as in recent quarters
 - ✓ Less efficient in advertising under prolonged volatile markets, but continues test marketing and TV promotions to improve brand awareness for long-term steady growth

- Volatile market conditions continued

- • Customer acquisition remained challenging despite a high level of advertising
- • Improved brand awareness in the broadcast area of TV promotions

- Launches 3-4 services with new alliance partners

- • Launched a new services with AEON Credit Service on July 5, and preparing with the Chiba Bank, the Toho Bank and the Juroku Bank for new services²

Operating profit

- 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

- • Increased FTEs by 14 in 1Q-3Q and slight behind the plan, but continues to fortify talent density

- Proactively invests in system security enhancement

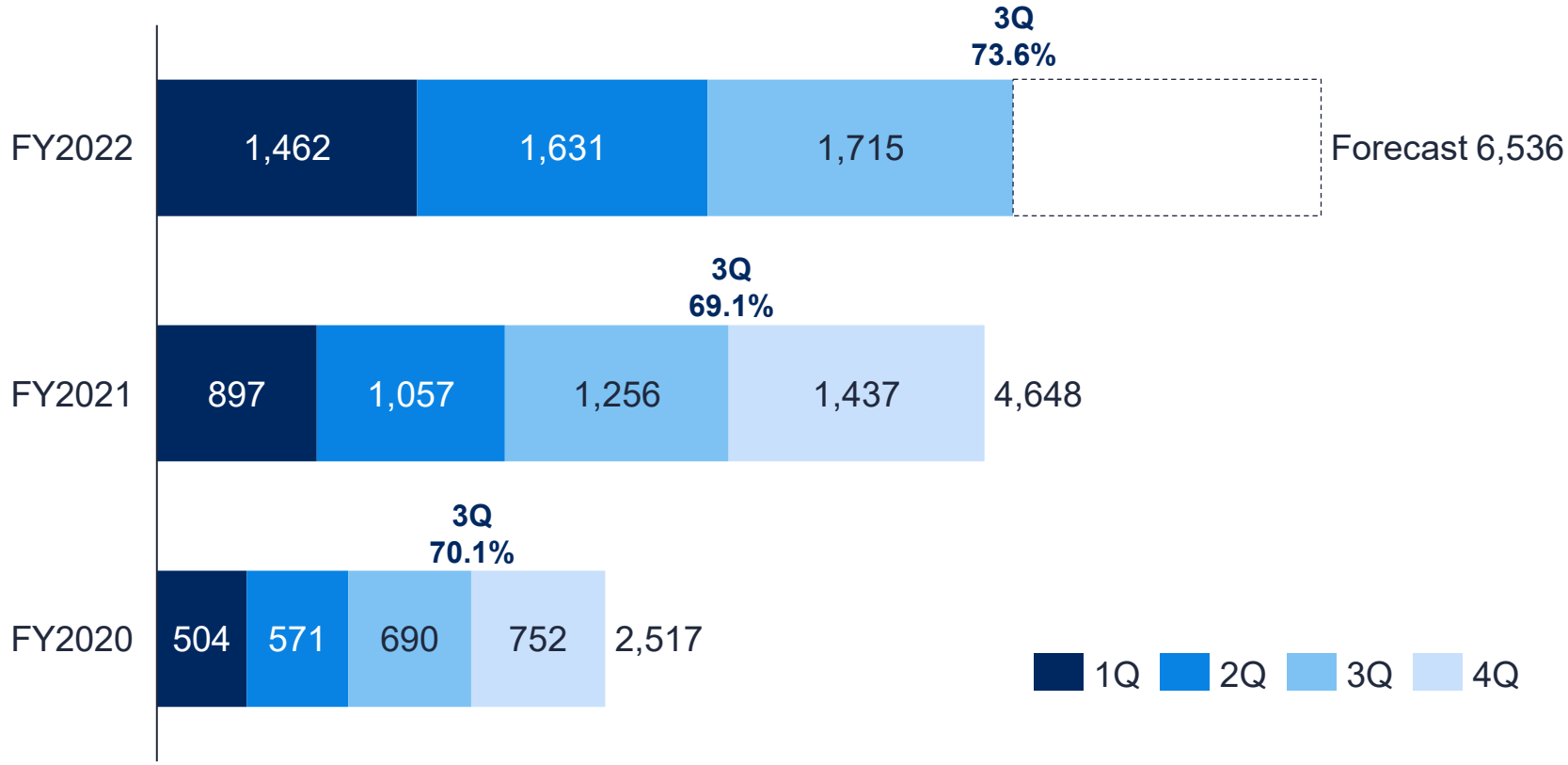
- • Strengthened the security team and implement new security measures

¹ Excludes impact of termination of business alliance with SBI Securities and SBI Neomobile Securities

² Services available as of September 30, 2022. Launched “WealthNavi for Chiba Bank” with the Chiba Bank on October 5 and “WealthNavi for Juroku Bank” with the Juroku Bank on November 8. Preparing with the Toho Bank for a new service

Steady progress toward earnings forecast...

Progress to operating revenue forecast
FY2020-FY2022; JPY millions



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

JPY549Bn (Sep. 30, 2021) **▶** JPY694Bn (Sep. 30, 2022)

+26%

Number of users

303K (Sep. 30, 2021) **▶** 352K (Sep. 30, 2022)

+16%

Net AuM Retention¹

120%+ (Sep. 30, 2021) **▶** 120%+ (Sep. 30, 2022)

Maintained

¹ An index that shows the % of AuM retained over 1 year (Book value basis, excluding market price fluctuations. All averages from July 2016 to September 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 plan²

69%



68%

(Sep. 30, 2021)

(Sep. 30, 2022)

Average monthly automated deposit³

JPY44K



JPY44K

(Sep. 30, 2021)

(Sep. 30, 2022)

Average monthly churn rate⁴

<1%



<1%

(Sep. 30, 2021)

(Sep. 30, 2022)

Net AuM Retention¹ : 120%+

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

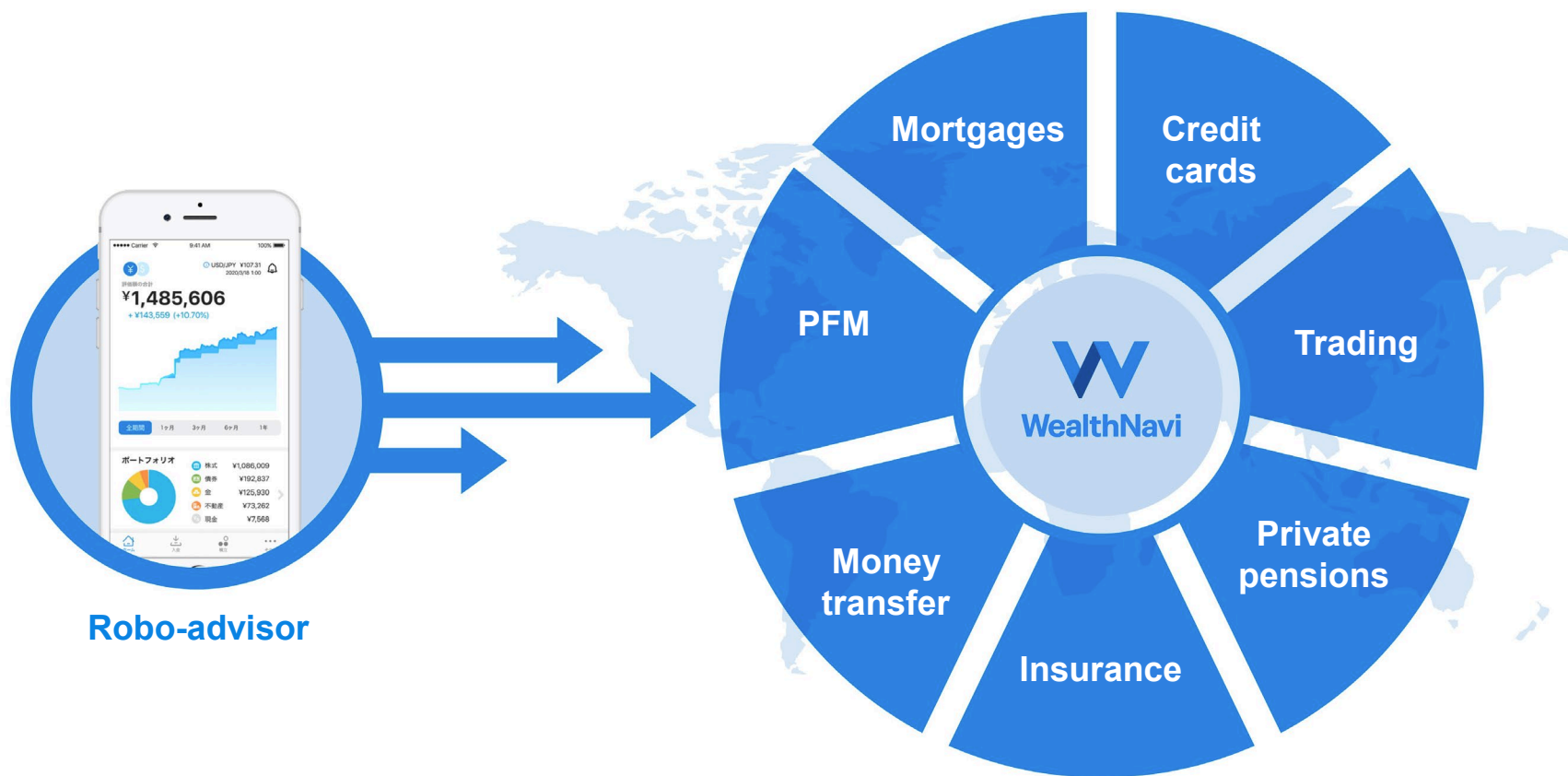
(Initial AuM + Automated deposits for 1 year + Additional manual deposits for 1 year – Withdrawal for 1 year) / Initial AuM

² % of WealthNavi accounts with the recurring deposits among % of WealthNavi accounts with a positive ETF balance

³ Average monthly automated deposit through WealthNavi’s automated deposit plan

⁴ % of users who go from a positive ETF balance to no ETF balance (monthly, total average from July 2016 to September 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

3Q FY2022 business highlights

3Q FY2022 financial highlights

FY2022 full-year forecast

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 served as Director and COO, Director and CFO, and then as Director and CPO since October 2022. 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
Enomoto¹**

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
Matsuno²**

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.



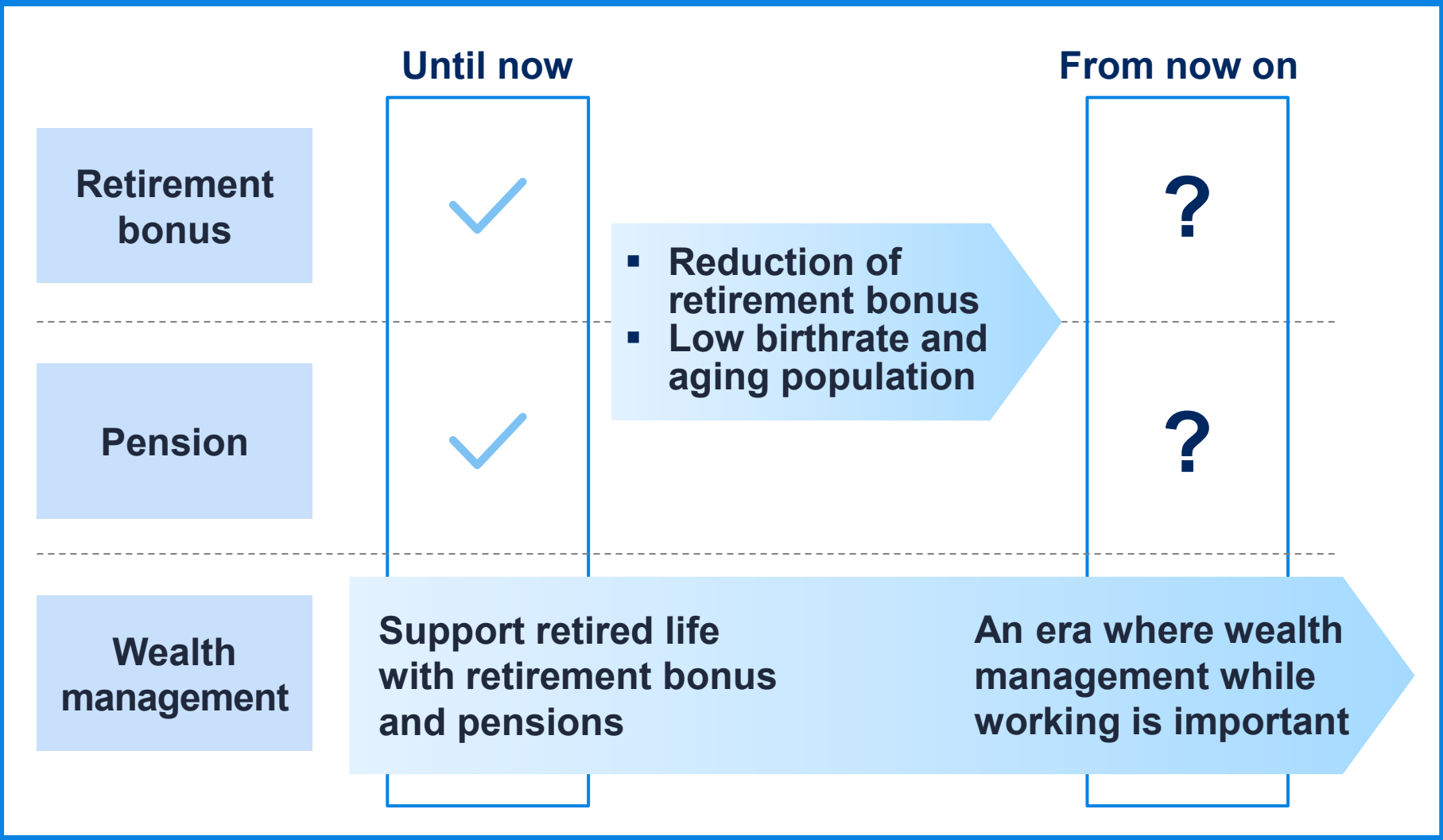
**Sachihiko
Fujimoto²**

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.

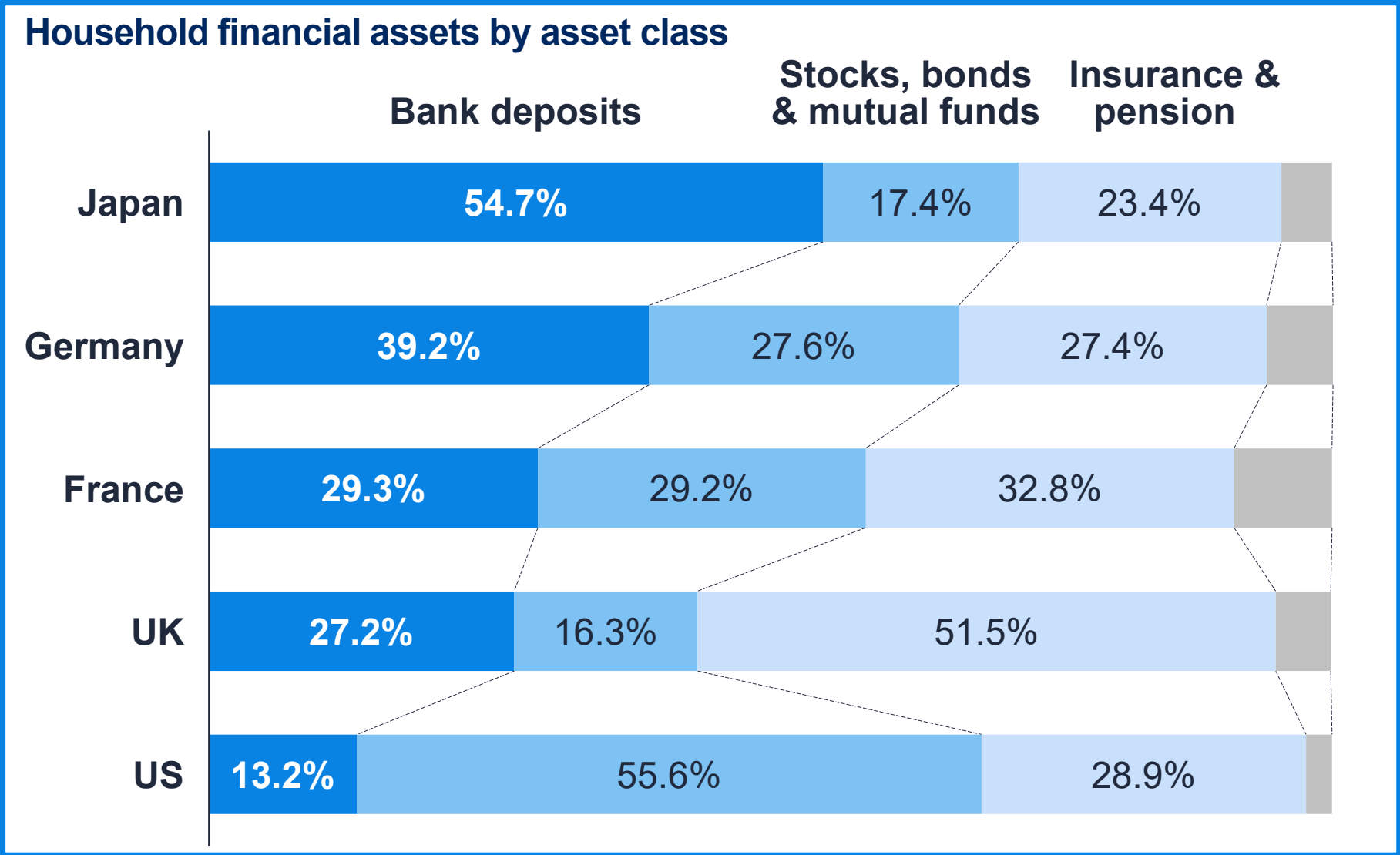
¹ Full-time Audit & Supervisory Committee Member

² Audit & Supervisory Committee Member

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



On the other hand, 54.7% 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 2021 (October 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**



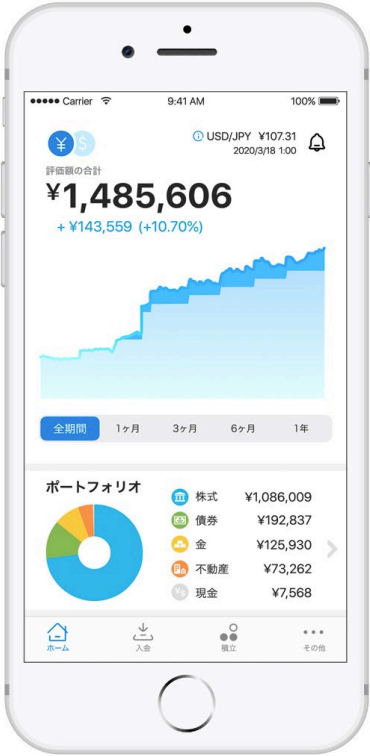
Roadmap to your **goal** and visualized **risk**



Portfolio built, at the shortest, the day after planning



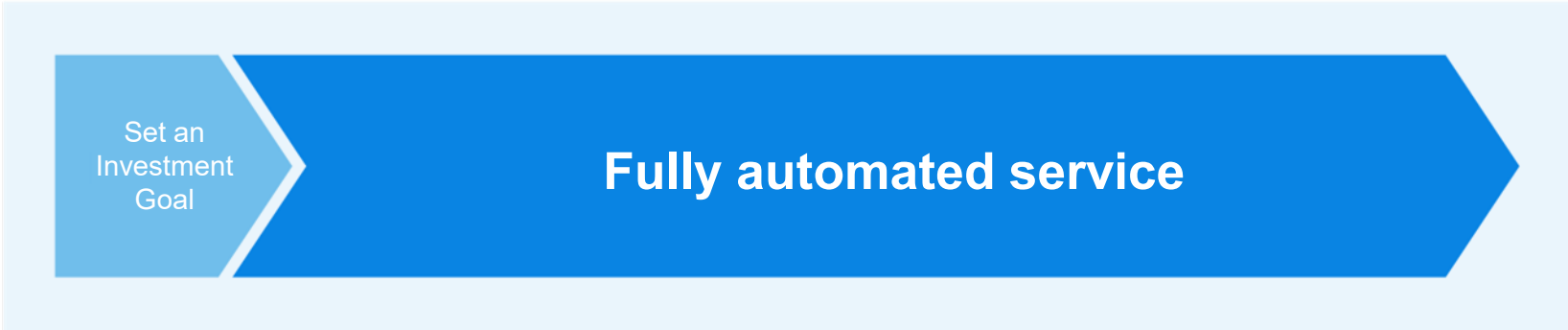
Daily performance tracking in JPY/USD



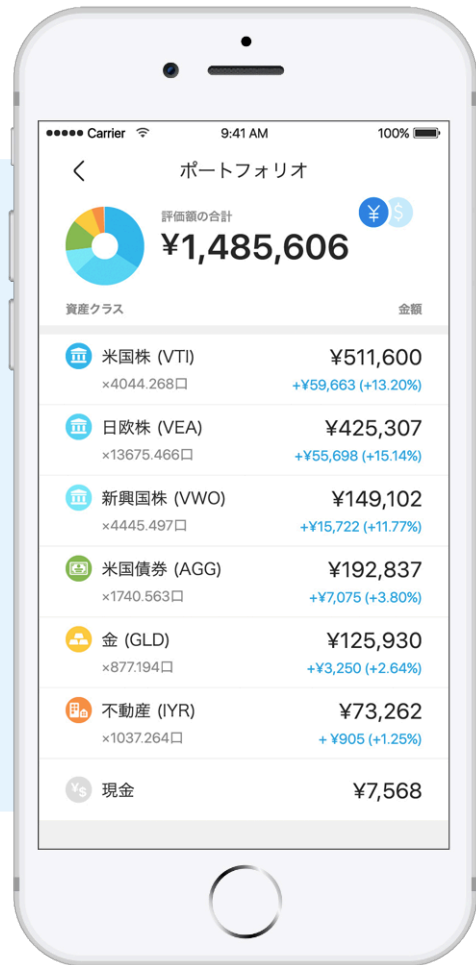
Note: The picture is an image

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 ETF¹

On average, 74% equities, 16% fixed income, 10% gold and REITs¹

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

¹ As of September 30, 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

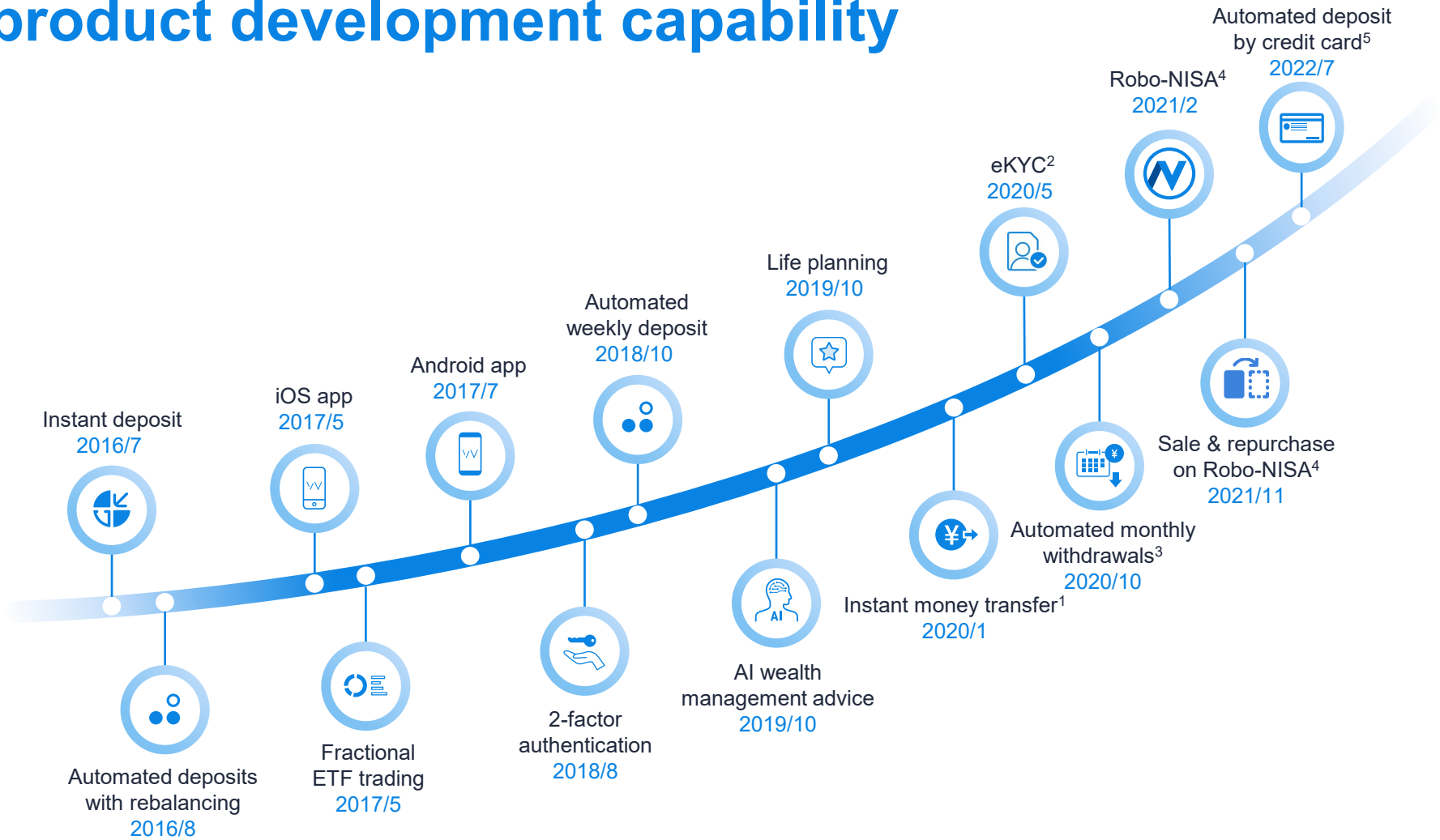
Fee structure that aligns interest between users and WealthNavi

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



Note: Functions launched and provided as of September 30, 2022.

1 Only for users of "WealthNavi for SBI Securities"

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

3 Only for users of "Hokkoku Omakase Navi"

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

5 Only for users of "WealthNavi for AEON Card"

“Robo-NISA,” the first managed NISA account in Japan,¹ 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

¹ 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 years¹

**Globally
diversified
portfolio**

Build a globally
diversified portfolio
with WealthNavi

**Fully
automated**

Manage both NISA
and taxable accounts
holistically and
automatically

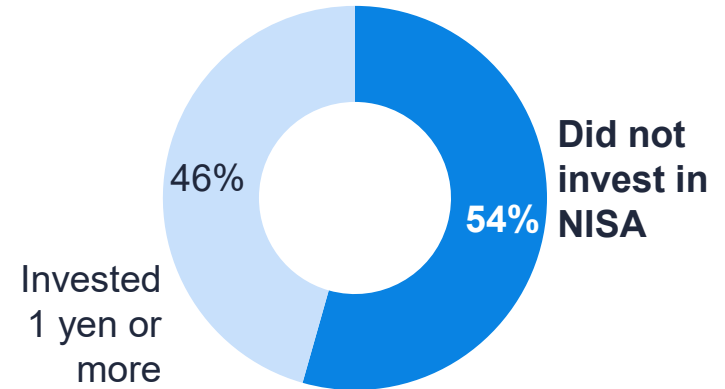
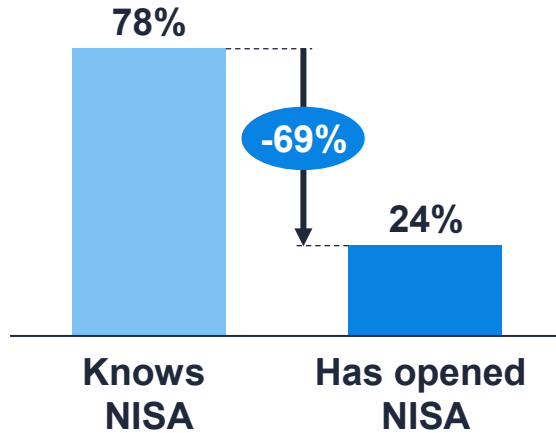
¹ “Robo-NISA” utilizes general NISA, not monthly (“Tsumitate”) NISA. Up to JPY 1.2M can be invested in a NISA account every year for up to 5 years, and capital gains and dividends on investments in the NISA account are exempt from Japanese individual income tax and local taxes for up to 5 years

NISA isn't widely used despite its wide recognition

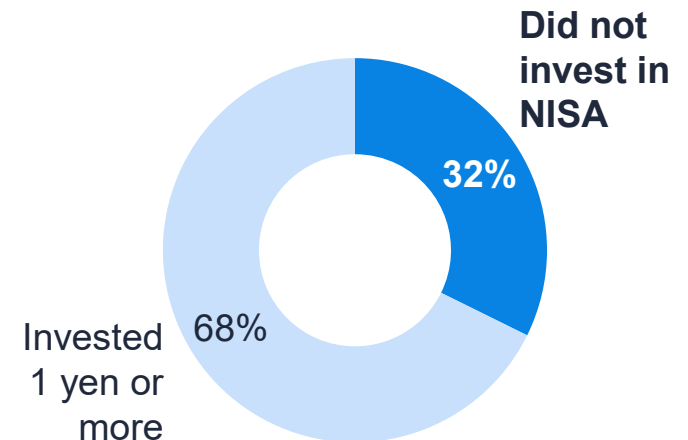
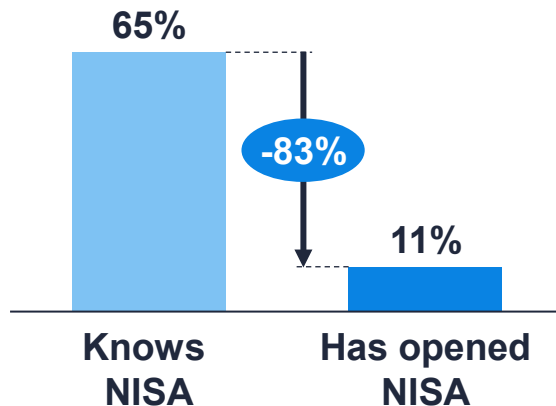
Most people know about NISA, but most have not opened NISA accounts¹

Nearly half of NISA accounts were dormant in 2020²

General NISA



Monthly "Tsumitate" NISA

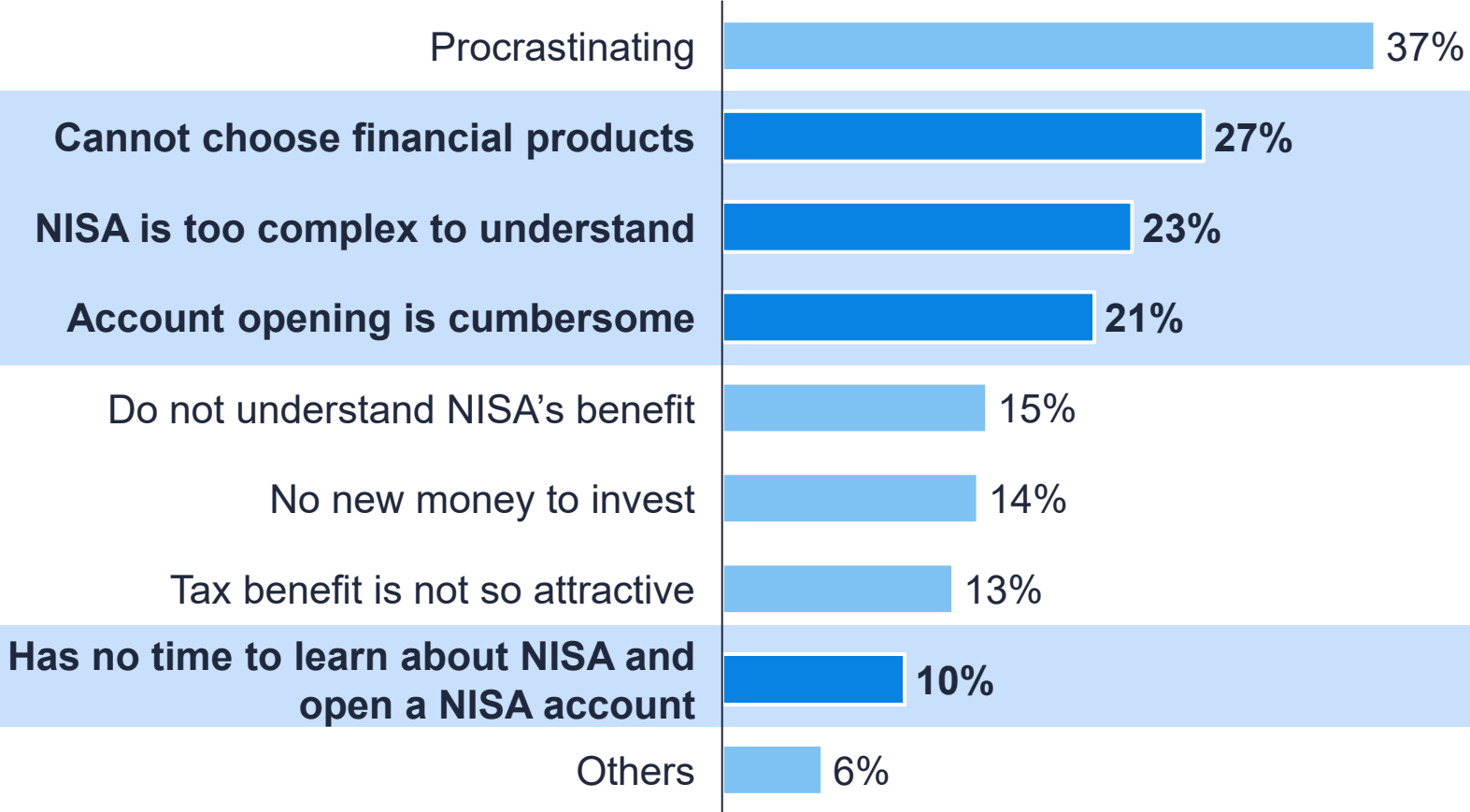


¹ WealthNavi analysis based on the Investment Trusts Association, "Report of survey on mutual funds in 2020 – NISA, iDeCo, etc."

² 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

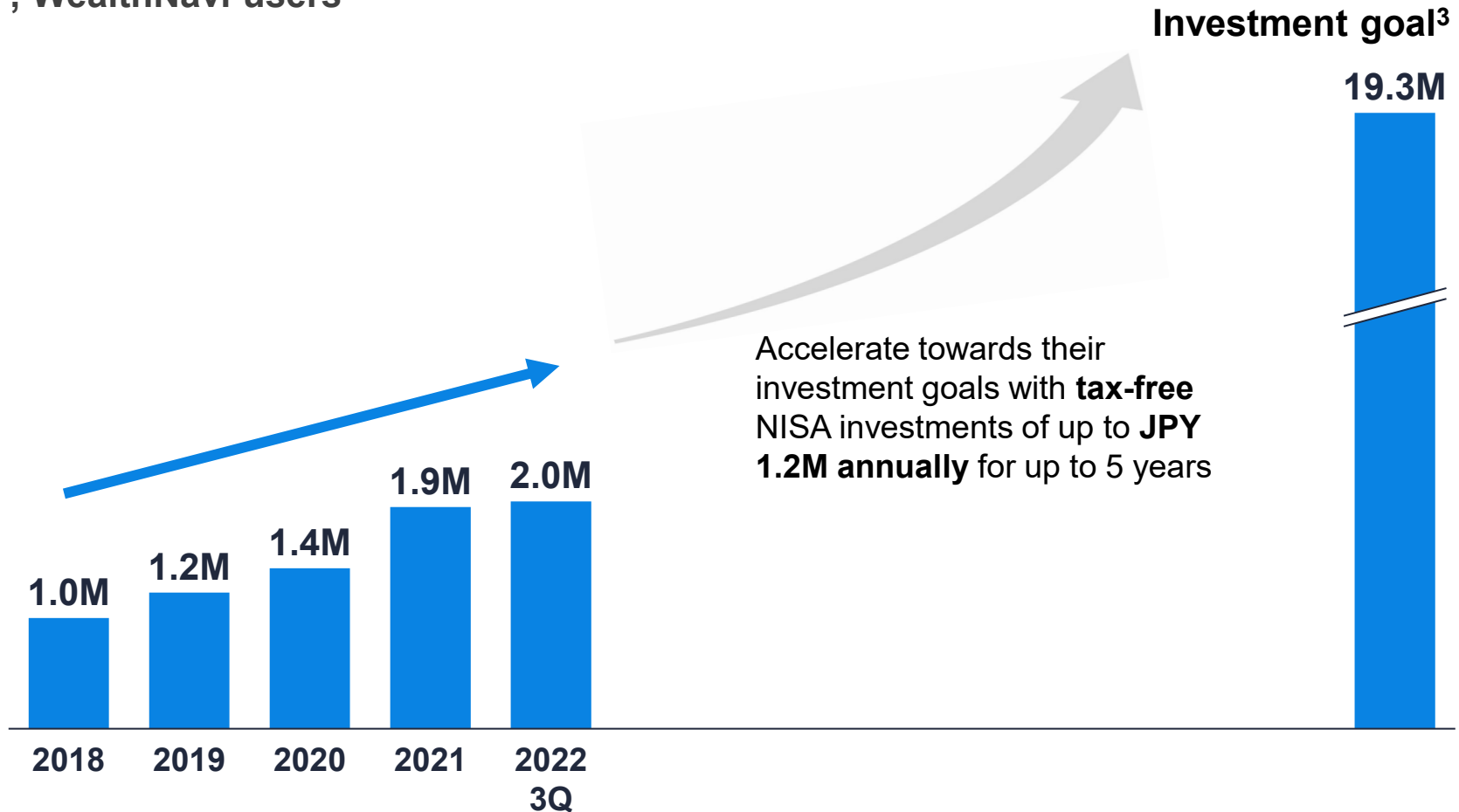
Reasons for not using NISA



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^{1,2}
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 September 30, 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。

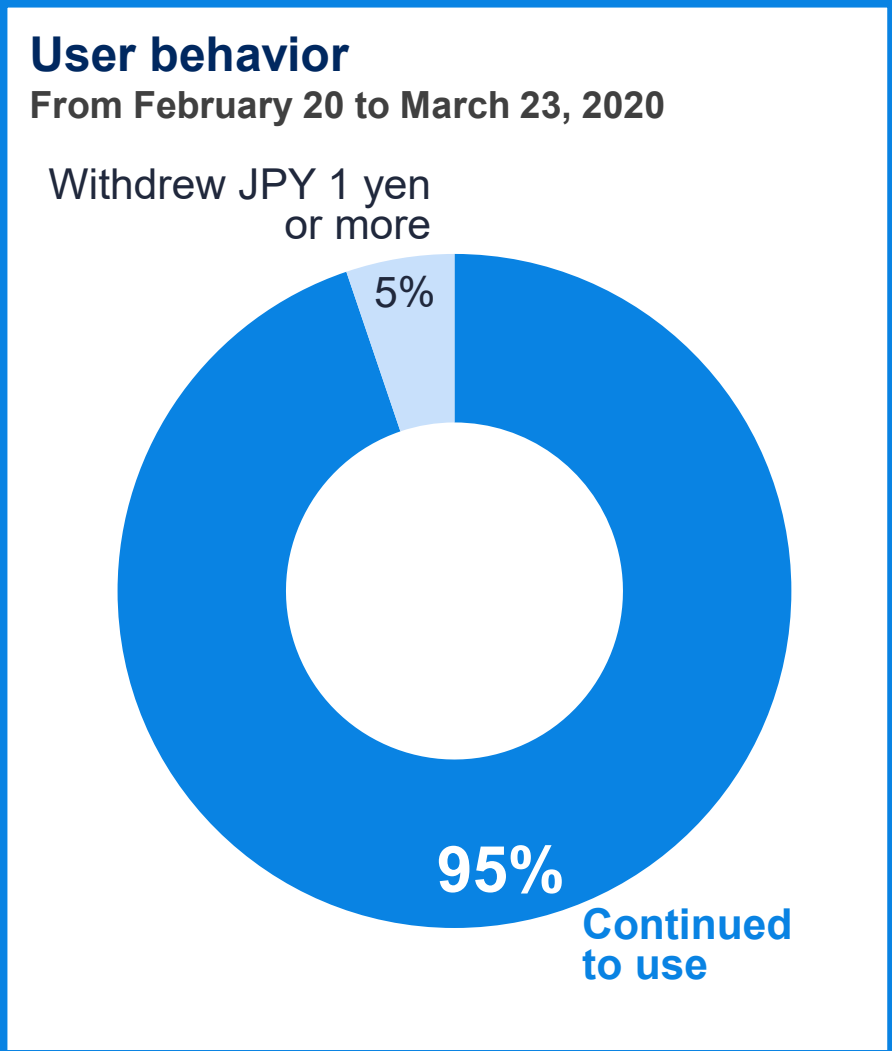
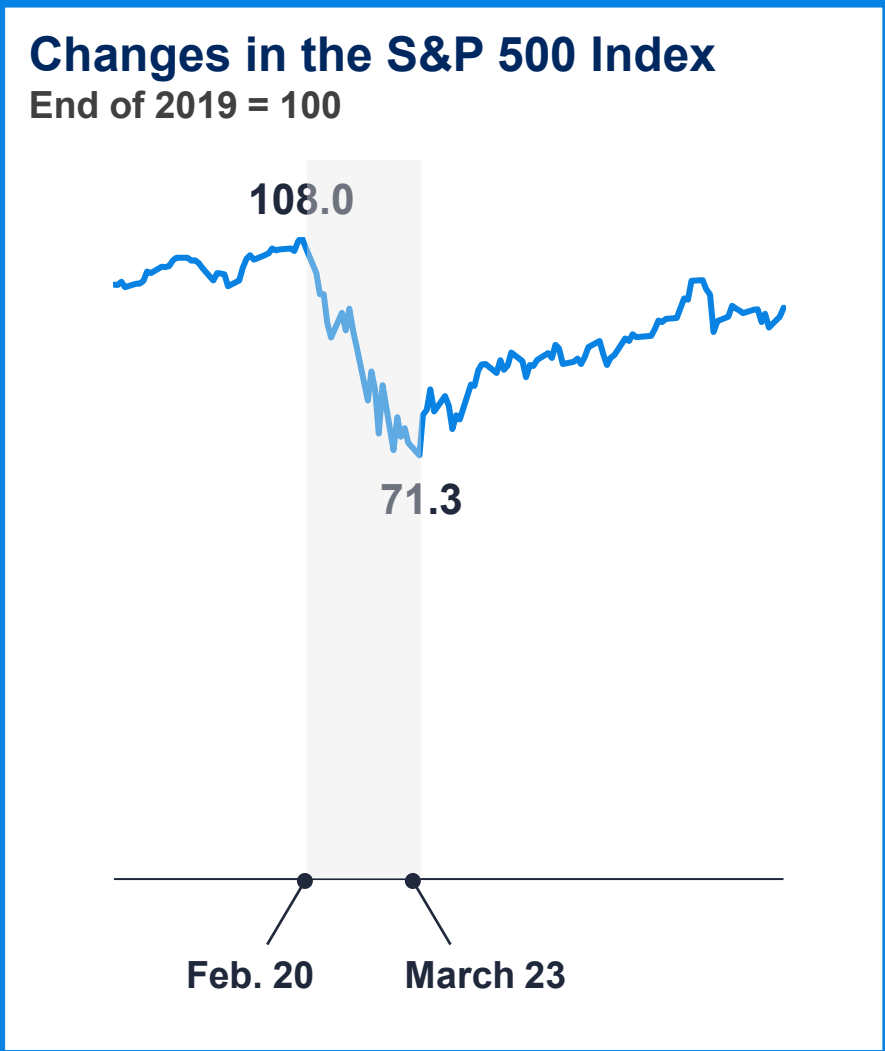
Webinars



Approx. 255K participants¹

¹ Participants in our webinar from April 2020 to September 2022

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

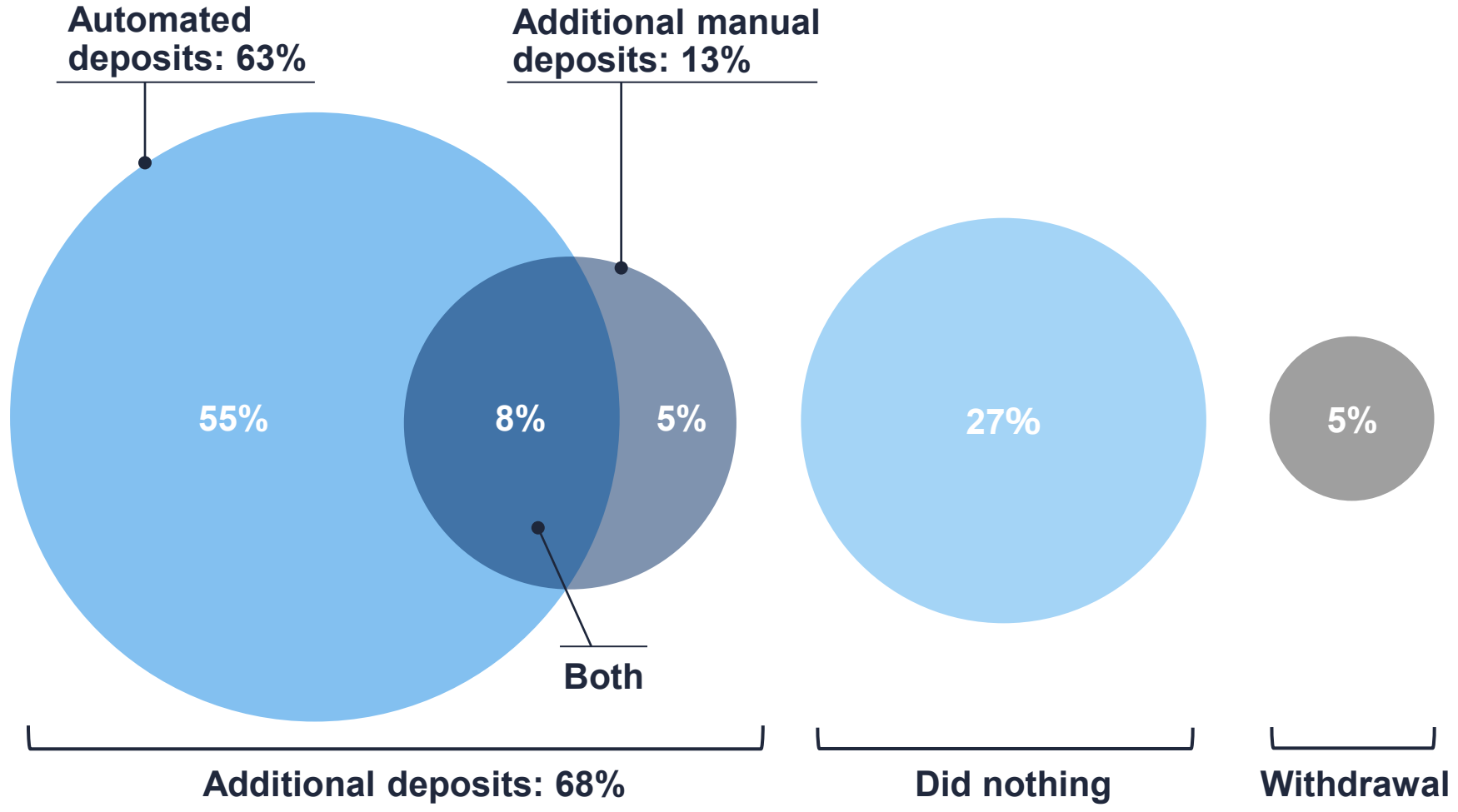


1 "Continue to use" means that there is an ETF balance on the first day of the above period and there is no withdrawal (1 yen or more) in part or in whole during the period

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

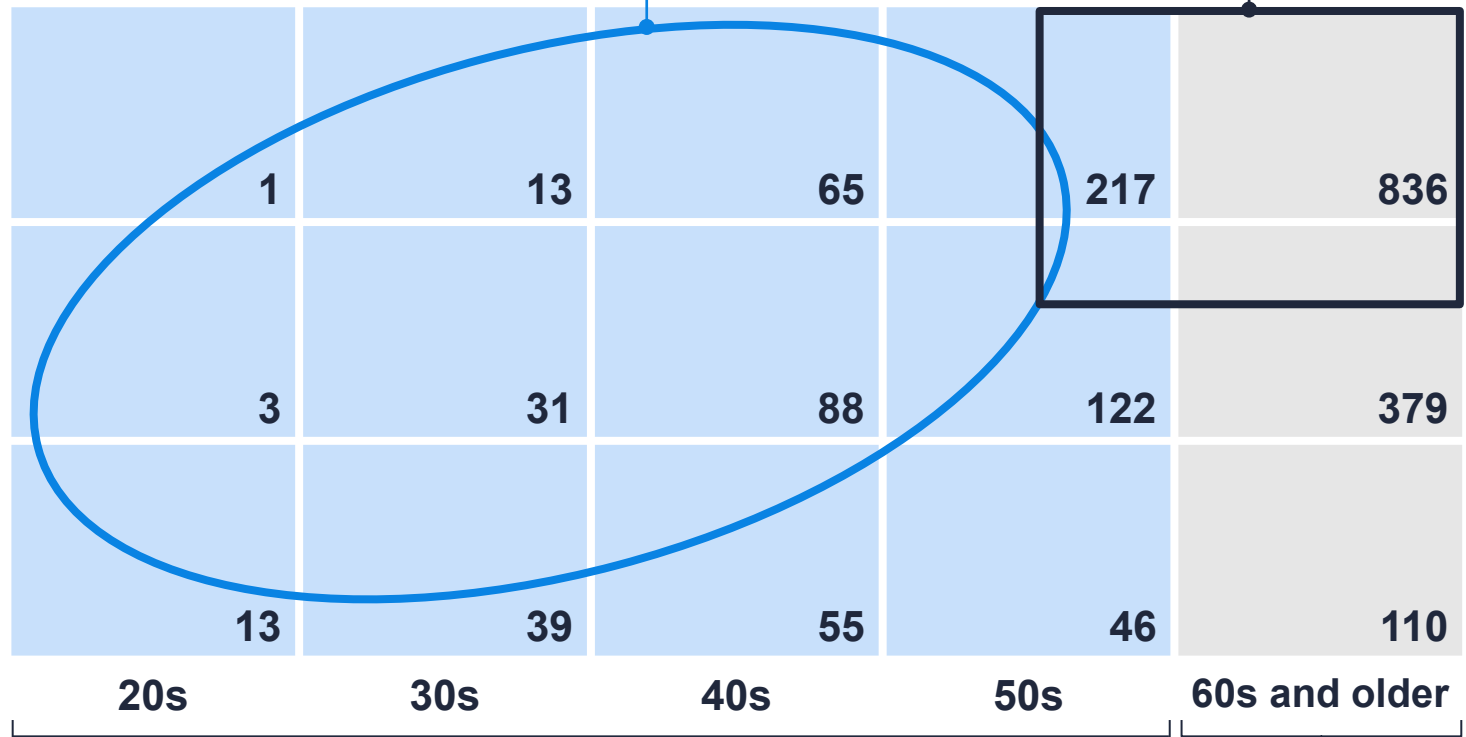
Primary target group of face-to-face channels for incumbent banks and securities

XX Financial assets JPY trillions

JPY 30M or more

JPY 10-30M

Less than JPY 10M

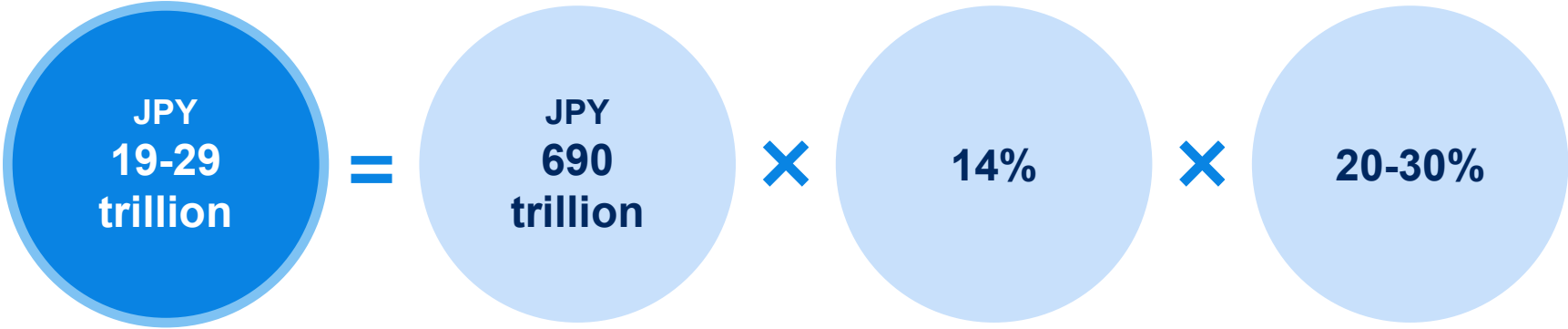


Approx. JPY 690T

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 3Q
Current assets	15,117	27,129	25,620
Cash and bank deposits	8,613	10,039	12,606
Cash segregated as deposits	4,610	9,000	8,500
Deposits paid	1,525	7,461	3,749
Other current assets	367	627	763
Non-current assets	261	247	386
Total assets	15,378	27,377	26,006
Current liabilities	8,461	15,839	13,786
Deposits received	7,075	15,149	13,150
Current portion of convertible bond-type bonds with share acquisition	1,000	-	-
Other current liabilities	386	689	635
Non-current liabilities	-	1,500	1,500
Long-term loan payable	-	1,500	1,500
Total liabilities	8,461	17,339	15,286
Share capital	1,429	3,237	3,510
Capital surplus	6,490	8,298	8,570
Retained earnings	(1,003)	(1,498)	(1,360)
Treasury stock	-	(0)	(0)
Total net assets	6,916	10,037	10,720

Note: Fractions of one million yen are rounded down

Statement of cash flows JPY millions

	FY2020	FY2021	FY2022 1Q-3Q
Cash generated by/(used in) operating activities	(939)	3,384	(1,528)
Cash generated by/(used in) investing activities	(76)	(23)	(194)
Cash generated by financing activities	2,642	4,052	508
Effect of exchange rate changes on cash and cash equivalents	(12)	(1)	68
Net increase in cash and cash equivalents	1,613	7,411	(1,145)
Cash and cash equivalents at beginning of period	8,475	10,089	17,501
Cash and cash equivalents at end of period	10,089	17,501	16,356

Details of operating cash flows

Cash generated by/(used in) operating activities	(939)	3,384	(1,528)
-) Decrease / (increase) in cash segregated as deposits for customers	(1,100)	(4,390)	500
-) Increase / (decrease) in deposits received	904	8,074	(1,999)
Cash generated by/(used in) operating activities adjusted by items relating to cash deposited by customers	(744)	(300)	(29)

Maintaining strong balance sheets for growth

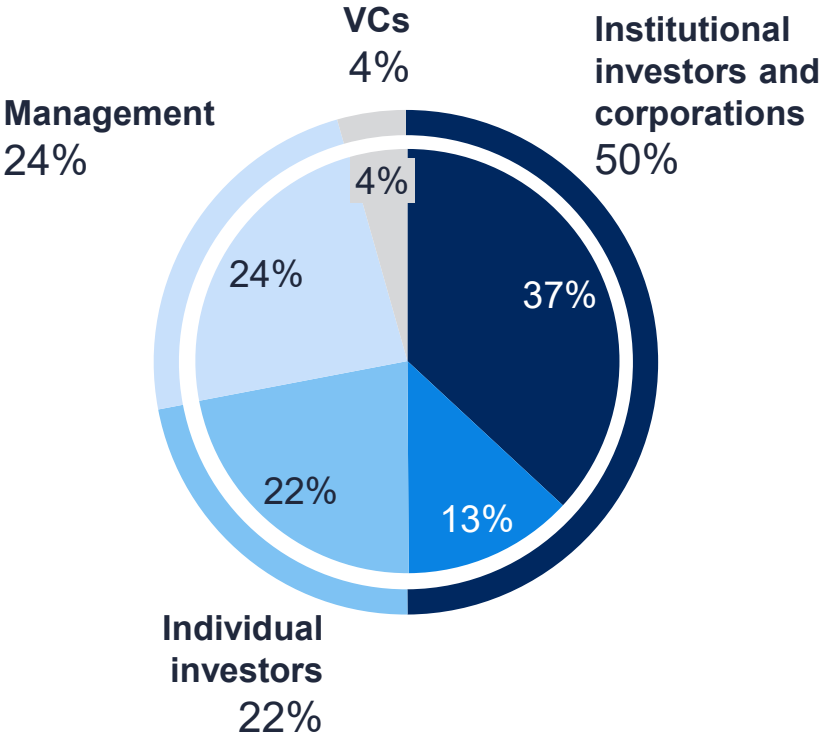
Balance sheets

3Q FY2022; JPY millions

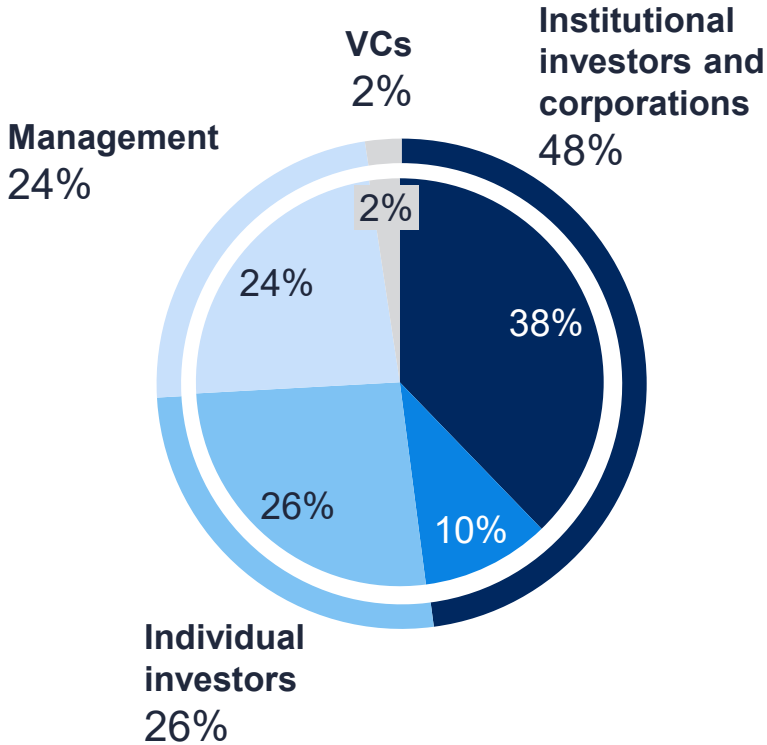


VC ownership declined while overseas institutional and individual investors ownership increased

As of December 31, 2021



As of June 30, 2022



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

Our engagement in promoting sustainability

- Identified and disclosed our material issues in May 2022
- Enhanced our disclosure including initiatives and related data in November 2022
- Promoting sustainability along with maximizing our long-term corporate value

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

Business risks and mitigations (1)

- Principal business risks which may affect our growth as of the end of March 2022 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><u>Market volatility</u></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"> • Enhanced functions to motivate customers to continue their investment • Investment advice through columns, video messages and seminars to address concerns of customers • Loyalty program to encourage long-term investment

Business risks and mitigations (2)

Business risks	Probability	Impact	Mitigations
<p><u>Dependency on specific business partners</u></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><u>System security</u></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><u>Personal data protection</u></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><u>Talent management</u></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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