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Summary of Non-consolidated Financial Results
for the Year Ended December 31, 2022
[Japanese GAAP]



February 10, 2023

Company name: WealthNavi Inc.
 Listing: Tokyo
 Securities code: 7342 URL: <http://www.wealthnavi.com>
 Representative: Representative Director and CEO Kazuhisa Shibayama
 Contact: Director, CFO Gaku Hirose (TEL) +81-3-6632-4911
 Scheduled date to hold annual general shareholders' meeting: March 24, 2023
 Scheduled date to commence dividend payments: -
 Scheduled date to file Securities Report: March 24, 2023
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2022	6,573	41.4	6,529	41.2	209	-	214	-	289	-
December 31, 2021	4,647	84.7	4,625	85.4	(432)	-	(491)	-	(495)	-

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/operating revenue
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2022	6.07	5.79	2.8	0.8	3.2
December 31, 2021	(10.85)	-	(5.8)	(2.3)	(9.3)

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended December 31, 2022 - million yen

Fiscal year ended December 31, 2021 - million yen

Note: Diluted earnings per share for the fiscal year ended December 31, 2021 is not depicted, as the basic loss per share was reported.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
As of December 31, 2022	25,964	10,980	42.3	226.98
December 31, 2021	27,377	10,037	36.7	213.62

(Reference) Equity: As of December 31, 2022 10,980 million yen As of December 31, 2021 10,037 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended December 31, 2022	(3,117)	(207)	616	14,858
December 31, 2021	3,384	(23)	4,052	17,501

2. Cash dividends

	Dividends per share					Total dividends	Dividend payout ratio	Ratio of dividends to net assets
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
Fiscal year ended December 31, 2021	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2021	-	0.00	-	0.00	0.00	-	-	-
December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending December 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Non-consolidated earnings forecast for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

The Company does not disclose earnings forecast for the fiscal year ending December 31, 2023, as it is difficult to reasonably calculate. Please refer to page 3 of the attached materials 1. Overview of operating results and others (4) Future outlook for details.

* Notes

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

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

(2) Number of shares issued (common shares)

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

As of December 31, 2022	48,377,671 shares
As of December 31, 2021	46,988,150 shares

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

As of December 31, 2022	835 shares
As of December 31, 2021	119 shares

(iii) Average number of shares during the period

Fiscal year ended December 31, 2022	47,704,079 shares
Fiscal year ended December 31, 2021	45,647,561 shares

* The non-consolidated financial results are not subject to review by certified public accountants or an audit corporation.

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

The forward-looking statements such as earnings forecasts contained in these materials are based on information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. The actual results may differ materially from the forecast due to various factors. For assumptions upon the Company's results forecasts and notes regarding the use of forecasts, please refer to page 3 of the attached materials 1. Overview of operating results and others (4) Future outlook.

Attached Materials

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1. Overview of operating results and others

(1) Overview of operating results

During the fiscal year ended December 31, 2022, there was a growing concern over the global recession caused by interest rate hike by central banks across the world in response to inflation, continuing geopolitical risks and escalating commodity prices. The Japanese economy continued to be uncertain due to the inflationary pressure as well as the impact of the weak yen.

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 promotions, 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 started offering “WealthNavi for AEON CARD” jointly with AEON Bank, Ltd. and AEON Credit Service Co., Ltd., which enables the customers of “AEON Card” to make automated deposits by AEON Card to a fully automated end-to-end wealth management service while earning “WAON POINT.” This service becomes the first managed account service in Japan to make automated deposits by credit cards.

With an annual review of ETF selection for customer portfolio, the Company added IAU (iShares Gold Trust) as an ETF for gold investment in October 2022 considering its ETF expense ratio.

The Company has also enhanced its business activities with new alliance partners. In addition to the service launch of “WealthNavi for AEON CARD,” the Company started offering “WealthNavi for Chiba Bank” in partnership with the Chiba Bank, Ltd. in October, and “WealthNavi for Juroku Bank” in partnership with the Juroku Bank, Ltd. in November. In addition, the Company entered into business alliance agreements with the Toho Bank, Ltd. in July and with ORIX Bank Corporation in November.

The Company received the termination notice of the business alliances from SBI SECURITIES Co., Ltd. and SBI NEOMOBILE SECURITIES Co., Ltd. (hereinafter, the “Two Companies”) on September 30, 2022, and the business alliances with the Two Companies were terminated on November 4, 2022.

As for the advertising activities, the Company has continued TV promotions starring Hiroki Hasegawa and launched new commercials in December. Coupled with digital advertising, the Company aimed to effectively reach potential customers who consider starting wealth management. Additionally, the Company has offered online seminars on a regular basis. These seminars include sessions for new adults and sessions with external speakers such as an expert on financial education.

As a result, as of December 31, 2022, there were 356 thousand users (317 thousand users as of the previous year end) and asset under management totaled 719.7 billion yen (634.5 billion yen as of the previous year end).

Consequently, for the fiscal year ended December 31, 2022, the operating revenue was 6,573 million yen (up 41.4% year-over-year), and the selling, general, and administrative expenses were 6,319 million yen (up 24.9% year-over-year), resulting in an operating profit excluding advertising expenses of 2,352 million yen (up 64.7% year-over-year), an operating profit of 209 million yen (a loss of 432 million yen for the previous fiscal year; same hereinafter), an ordinary profit of 214 million yen (a loss of 491 million yen), and a net profit of 289 million yen (a loss of 495 million yen).

(2) Overview of financial position

(Assets)

Total assets as of December 31, 2022 were 25,964 million yen, decreased by 1,412 million yen from the end of the previous fiscal year. This was mainly due to a decrease in deposits paid to the prime brokerage for foreign securities (ETF) purchase by 4,985 million yen.

(Liabilities)

Total liabilities as of December 31, 2022 were 14,983 million yen, decreased by 2,355 million yen from the end of the previous fiscal year. This was mainly due to a decrease in deposits received from customers by 2,446 million yen.

(Net assets)

Total net assets as of December 31, 2022 were 10,980 million yen, increased by 942 million yen from the end of the previous fiscal year. This was mainly due to an increase in share capital of 326 million yen and an increase in legal capital surplus of 326

million yen due to shares issued upon the exercise of stock options and restricted shares, and an increase in retained earnings of 289 million yen due to the recording of a net profit.

(3) Overview of cash flows

Cash and cash equivalents (hereinafter, “funds”) were 14,858 million yen as of December 31, 2022. Cash flows during the fiscal year ended December 31, 2022 and their causes are as follows.

(Cash flows from operating activities)

Funds used in operating activities were 3,117 million yen (3,384 million yen generated in the previous fiscal year). This is mainly due to an increase in cash segregated as deposits from customers by 800 million yen and a decrease in deposits received by 2,446 million yen.

(Cash flows from investing activities)

Funds used in investing activities were 207 million yen (23 million yen used in the previous fiscal year). This is mainly due to the spending of 105 million yen to purchase of property, plant, and equipment, 46 million yen to purchase intangible assets, and 43 million yen for lease and guarantee deposits.

(Cash flows from financing activities)

Funds generated from financing activities were 616 million yen (4,052 million yen generated in the previous fiscal year). This is mainly due to the proceeds of 616 million yen from issuance of shares upon the exercise of stock options.

(4) Future outlook

The Company provides robo-advisor “WealthNavi,” a fully automated wealth management service for long-term investment with a globally diversified portfolio. The operating revenue of the Company is mainly derived from fee from customers which is 1% of AuM. Therefore, a proper estimate of AuM is required to reasonably calculate its earnings forecast.

Financial markets experienced the highly volatile condition in 2022, including yen weakness to 32-year low, correction in global equity markets and clobbered bond markets. Even under such tough market environment, the Company successfully attracted new customers and retained existing customers. The book-value AuM increased by 132.0 billion yen to 650.2 billion yen (up 25.5% year-over-year) and the market-value AuM increased by 85.2 billion yen to 719.7 billion yen (up 13.4% year-over-year). However, despite the steady growth both in the book-value AuM and the market-value AuM on the year-end basis, the gap between the two fluctuated largely throughout the fiscal year, and it was hard to reasonably project the trend of AuM. With the prolonged volatile market conditions, it continues to be difficult to predict the financial market.

Under such circumstances, the Company does not disclose earnings forecast for the fiscal year ending December 31, 2023 at this moment. The Company shall promptly announce when reasonable calculation is possible. Please note that the Company expects to announce the forecast with the 1Q earnings at the earliest.

2. Basic policy for the selection of accounting standards

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

3. Non-consolidated financial statements and significant notes

(1) Balance sheets

(Units: Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	10,039,649	12,382,566
Cash segregated as deposits	9,000,000	9,800,000
Cash segregated as deposits for customers	9,000,000	9,800,000
Trading products	71	144
Trade date accrual	2,347	387
Advances paid	7,743	2,184
Advance payments	4,354	4,000
Prepaid expenses	75,067	159,777
Accounts receivable - other	2,770	6,197
Accrued income	534,940	642,424
Deposits paid	7,461,762	2,476,107
Other current assets	562	542
Total current assets	27,129,269	25,474,331
Noncurrent assets		
Property, plant, and equipment		
Buildings	68,440	145,043
Equipment	62,701	91,387
Accumulated depreciation	(84,000)	(132,710)
Total property, plant, and equipment	47,142	103,720
Intangible assets		
Software	81,639	82,884
Software in progress	-	14,768
Trademark right	950	800
Total intangible assets	82,589	98,452
Investments and other assets		
Lease and guarantee deposits	97,325	140,587
Long-term prepaid expenses	20,845	28,283
Deferred tax assets	-	118,877
Total investments and other assets	118,171	287,748
Total noncurrent assets	247,903	489,921
Total assets	27,377,172	25,964,253

(Units: Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Deposits received	15,149,687	12,703,639
Accounts payable - other	504,157	560,626
Accrued expenses	134,462	122,259
Income taxes payable	51,246	97,156
Total current liabilities	15,839,553	13,483,681
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	14,983,681
Net assets		
Shareholders' equity		
Share capital	3,237,925	3,564,603
Capital surplus		
Legal capital surplus	8,252,690	8,579,368
Other capital surplus	45,690	45,690
Total capital surplus	8,298,380	8,625,058
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,498,669)	(1,208,980)
Total retained earnings	(1,498,669)	(1,208,980)
Treasury stock	(17)	(110)
Total shareholders' equity	10,037,619	10,980,571
Total net assets	10,037,619	10,980,571
Total liabilities and net assets	27,377,172	25,964,253

(2) Statements of income

(Units: Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Operating revenue		
Fee received	4,576,140	6,471,404
Net trading income	53,337	76,231
Financial revenue	560	5,843
Other operating revenue	17,467	19,991
Total operating revenue	4,647,506	6,573,470
Financial expenses	22,226	44,044
Net operating revenue	4,625,280	6,529,425
Selling, general, and administrative expenses		
Trading-related expenses	3,119,888	3,736,485
Personnel expenses	1,090,341	1,466,211
Real estate expenses	212,731	327,715
Office expenses	330,511	436,355
Depreciation	76,211	79,706
Taxes and dues	72,780	93,562
Other	155,518	179,575
Total selling, general, and administrative expenses	5,057,982	6,319,611
Operating profit or loss	(432,702)	209,814
Non-operating income	4,009	8,590
Non-operating expenses		
Stock issuance expenses	24,778	2,308
Commission fee	37,500	-
Other	687	1,829
Total non-operating expenses	62,966	4,138
Ordinary profit or loss	(491,659)	214,266
Profit or Loss before income taxes	(491,659)	214,266
Income taxes - current	3,800	43,455
Income taxes - deferred	-	(118,877)
Total income taxes	3,800	(75,422)
Profit or Loss	(495,459)	289,689

(3) Statements of changes in equity

Fiscal year ended December 31, 2021

(Units: Thousands of yen)

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

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

Fiscal year ended December 31, 2022

(Units: Thousands of yen)

	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of current period	3,237,925	8,252,690	45,690	8,298,380
Changes during period				
Issuance of new shares	326,678	326,678		326,678
Loss				
Purchase of treasury stock				
Total changes during period	326,678	326,678		326,678
Balance at end of current period	3,564,603	8,579,368	45,690	8,625,058

	Retained earnings		Treasury stock	Total shareholders' equity	Total net assets
	Other retained earnings	Total retained earnings			
	Retained earnings brought forward				
Balance at beginning of current period	(1,498,669)	(1,498,669)	(17)	10,037,619	10,037,619
Changes during period					
Issuance of new shares				653,356	653,356
Loss	289,689	289,689		289,689	289,689
Purchase of treasury stock			(93)	(93)	(93)
Total changes during period	289,689	289,689	(93)	942,952	942,952
Balance at end of current period	(1,208,980)	(1,208,980)	(110)	10,980,571	10,980,571

(4) Statements of cash flows

(Units: Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit or Loss before income taxes	(491,659)	214,266
Depreciation	76,211	79,706
Stock-based compensation	5,356	20,187
Loss on disposal of noncurrent assets	32	-
Decrease (increase) in cash segregated as deposits for customers	(4,390,000)	(800,000)
Decrease (increase) in trade date accrual	(1,948)	1,960
Interest and dividend income	(560)	(5,843)
Interest expenses	22,226	44,044
Decrease (increase) in advance payments	(354)	354
Decrease (increase) in prepaid expenses	(28,277)	(73,545)
Decrease (increase) in accounts receivables-others	21,596	(721)
Decrease (increase) in accrued income	(245,740)	(107,483)
Increase (decrease) in deposits received	8,074,388	(2,446,048)
Increase (decrease) in accounts payable-other	254,912	56,420
Increase (decrease) in accrued expenses	50,716	(11,710)
Other	63,636	(43,272)
Subtotal	3,410,536	(3,071,685)
Interest and dividend income received	477	2,985
Interest expenses paid	(22,878)	(44,537)
Income taxes paid	(3,800)	(3,800)
Cash flows from operating activities	3,384,335	(3,117,037)
Cash flows from investing activities		
Decrease (increase) in time deposits	50,000	-
Purchase of property, plant, and equipment	(18,952)	(105,553)
Purchase of intangible assets	(32,887)	(46,545)
Payments for lease and guarantee deposits	-	(43,261)
Other	(21,560)	(12,232)
Cash flows from investing activities	(23,400)	(207,592)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,500,000	-
Proceeds from issuance of new shares	3,590,259	616,781
Repayment of convertible bonds	(1,000,000)	-
Others	(37,517)	(93)
Cash flows from financing activities	4,052,742	616,687
Effect of exchange rate change on cash and cash equivalents	(1,709)	65,204
Net increase (decrease) in cash and cash equivalents	7,411,968	(2,642,738)
Cash and cash equivalents at beginning of period	10,089,443	17,501,412
Cash and cash equivalents at end of period	17,501,412	14,858,673

(5) Notes to financial statements

(Notes on premise of ongoing concern)

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 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 non-consolidated financial statements.

(Segment information, etc.)

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

(Per share information)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net assets per share	213.62 yen	226.98 yen
Basic earnings per share	(10.85) yen	6.07 yen
Diluted earnings per share	-	5.79 yen

Note 1. Diluted earnings per share for the fiscal year ended December 31, 2021 is not depicted because the basic loss per share was reported.

2. The basis for calculating the net profit or loss per share and diluted earnings per share are as follows.

Items	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net profit or loss per share		
Net profit or loss (thousands of yen)	(495,459)	289,689
Amount not attributable to common shareholders (thousands of yen)	-	-
Current net profit or loss relating to common shares (thousands of yen)	(495,459)	289,689
Average number of common shares outstanding during the period (shares)	45,647,561	47,704,079
Diluted earnings per share		
Adjustment on net profit or loss (thousands of yen)	-	-
Increase in common shares (shares)	-	2,344,132

Of which increase upon the exercise of stock options	-	2,344,132
Outline of dilutive shares excluded in the calculation of diluted earnings per share, as they have no dilution effect	Nine types of stock options (The number of shares subject to share acquisition rights: 4,574,979)	-

(Significant subsequent events)

Not applicable