



# Financial Results for FY2022

(Our Business Plans and Growth Opportunities)

WealthNavi Inc.  
February 10, 2023

# 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>

**134**

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

**49%**

Users<sup>1, 2</sup>

**356k**

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

**85%**

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

**<1%**

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

**61%**

AuM<sup>1</sup>

**JPY720Bn**

YoY AuM growth<sup>5</sup>

**+13%**

ARR<sup>6</sup>

**JPY7.00Bn**

Net AuM retention<sup>7</sup>

**120%+**

<sup>1</sup> As of December 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 December 2022)

<sup>4</sup> From the results of the questionnaire survey conducted by WealthNavi in January 2023

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

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

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

# Agenda

**FY2022 business highlights**

FY2022 financial highlights

FY2023 business strategy

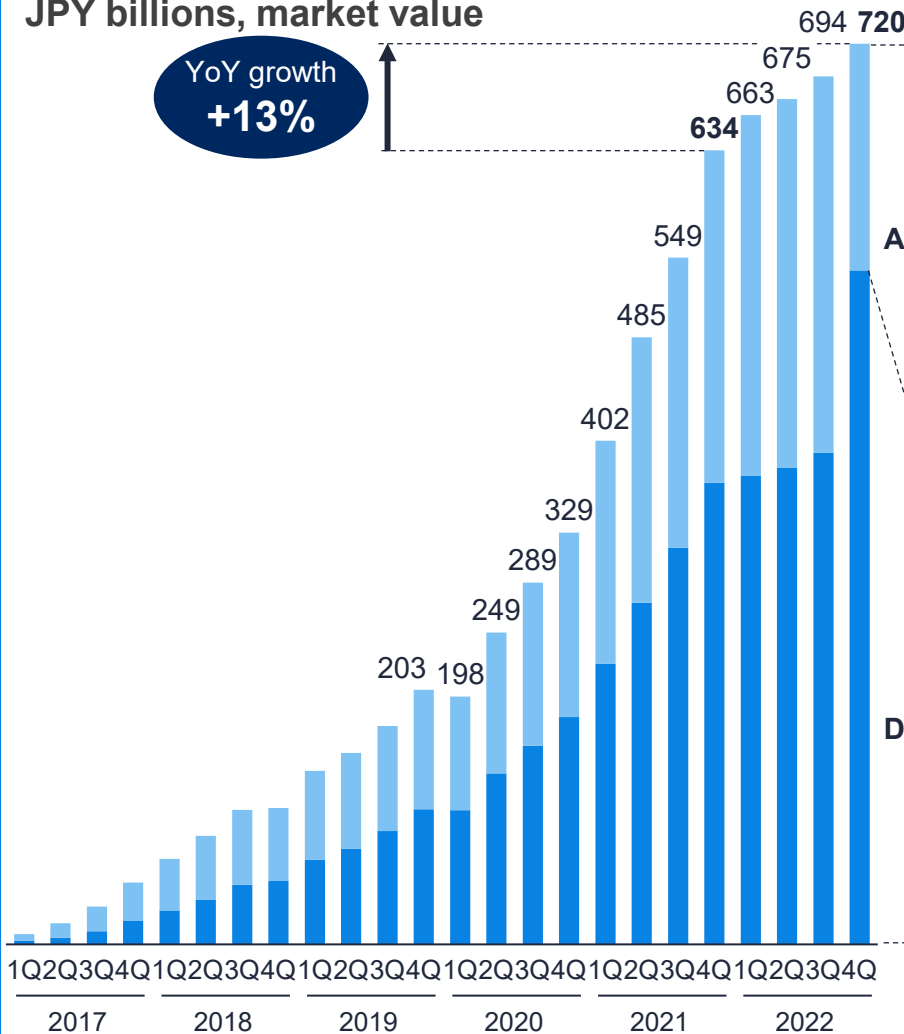
Appendices

# Both direct and alliance channels drive growth

## AuM trend

JPY billions, market value

YoY growth  
**+13%**



Service	Partner	Launch
WealthNavi for 十六銀行	Juroku Bank	Nov. 2022
WealthNavi for 千葉銀行	Chiba Bank	Oct.
WealthNavi for AEON CARD	AEON Credit Service	Jul.
<b>Alliances<sup>1,2</sup></b>		
たいこうNavi <sup>3</sup>	TAIKO Bank	Oct. 2021
〈中京〉おまかせNavi <sup>3</sup>	Chukyo Bank	Aug.
夢おいNavi <sup>3</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>3</sup>	Okasan Securities	Sep.
WealthNavi for 東京スター銀行	Tokyo Star Bank	Apr.
<b>Direct<sup>2</sup></b>		
WealthNavi for ODAKYU	Odakyu	Nov. 2019
北國おまかせNavi <sup>3</sup>	Hokkoku Bank	Oct.
WealthNavi for 東京海上日動	Tokio Marine Nichido	Aug.
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		Jul. 2016

1 Channels available as of December 31, 2022. Launched "WealthNavi for ORIX Bank" with ORIX Bank on February 8. Preparing with the Toho Bank for a new service

2 AuM through SBI Securities and SBI Neomobile securities are included in alliance channel until the termination date of the business alliances on November 4, 2022 and included in direct channel afterwards

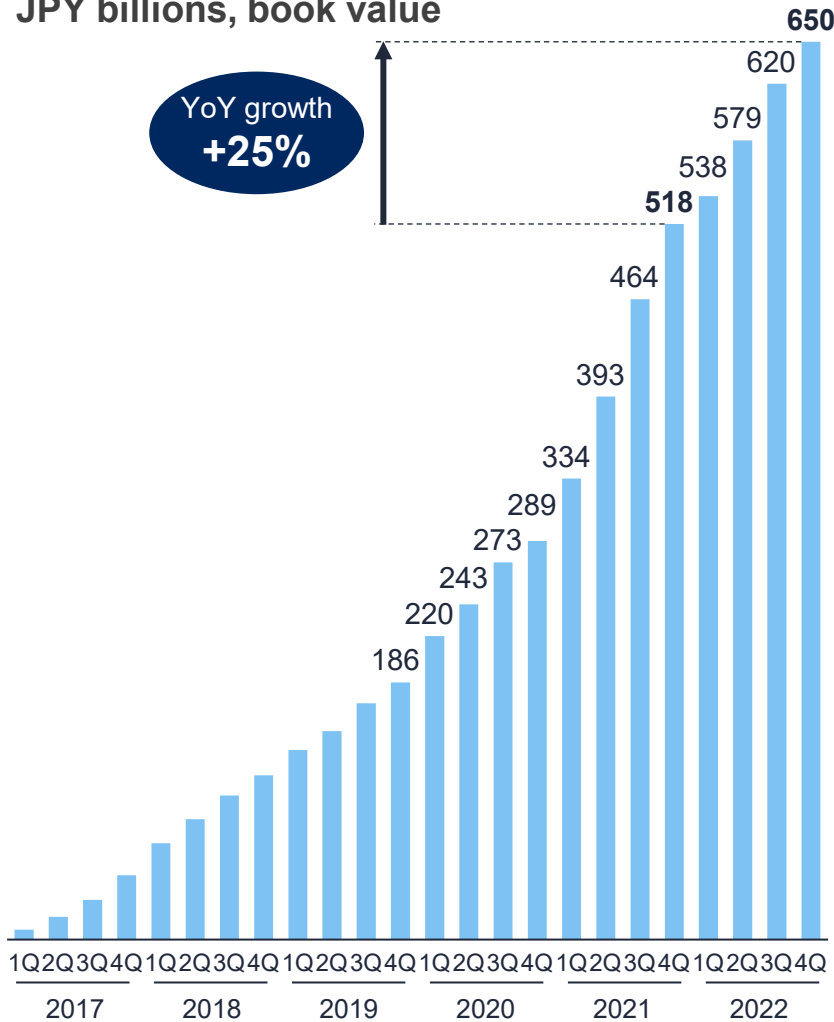
3 Managed account service with a hybrid of online and face-to-face support

# Book-value AuM and number of users are growing

## Book-value AuM

JPY billions, book value

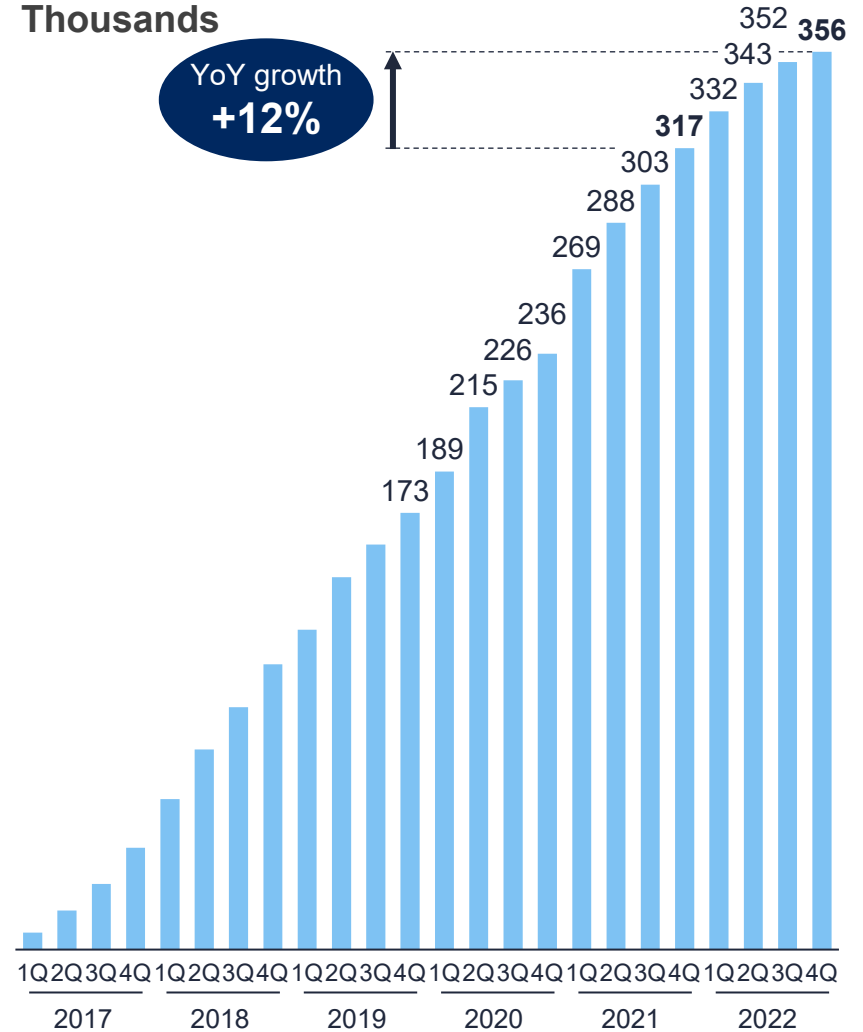
YoY growth  
**+25%**



## Number of users

Thousands

YoY growth  
**+12%**

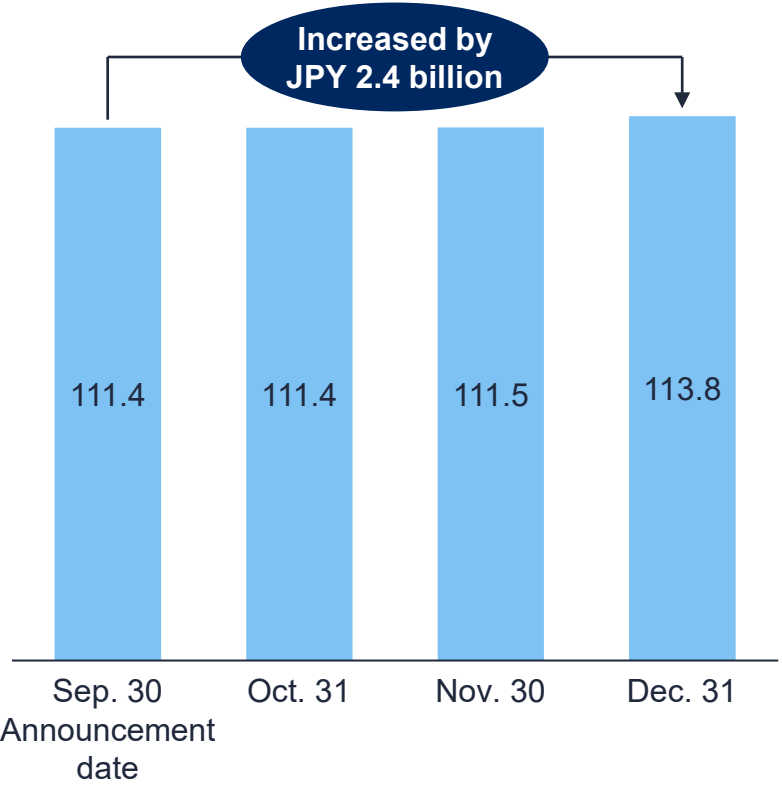


# Most SBI users were retained despite alliance termination

## AuM and users through two SBI services

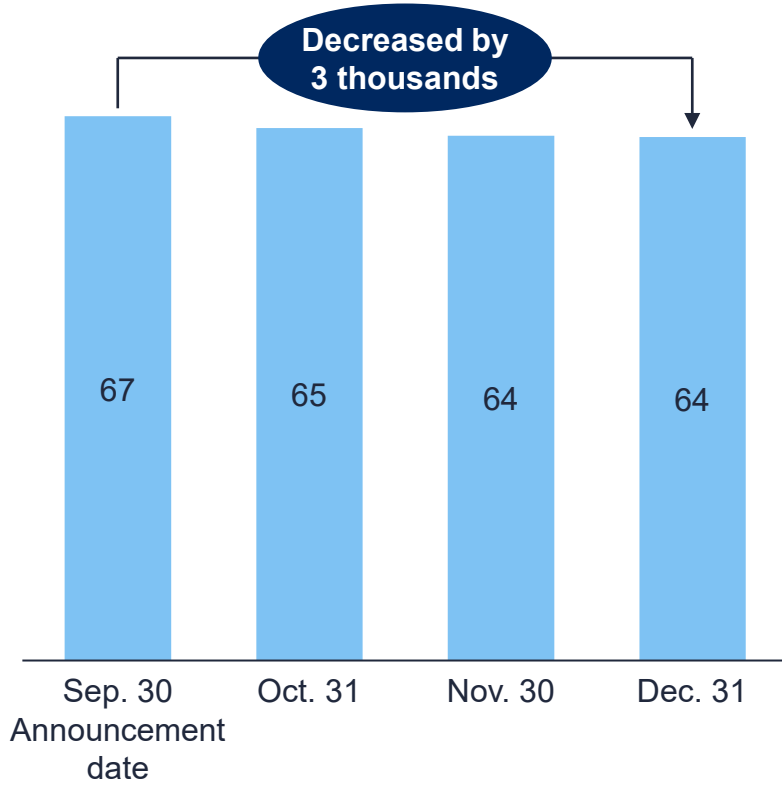
### Book-value AuM

JPY billions



### Number of users

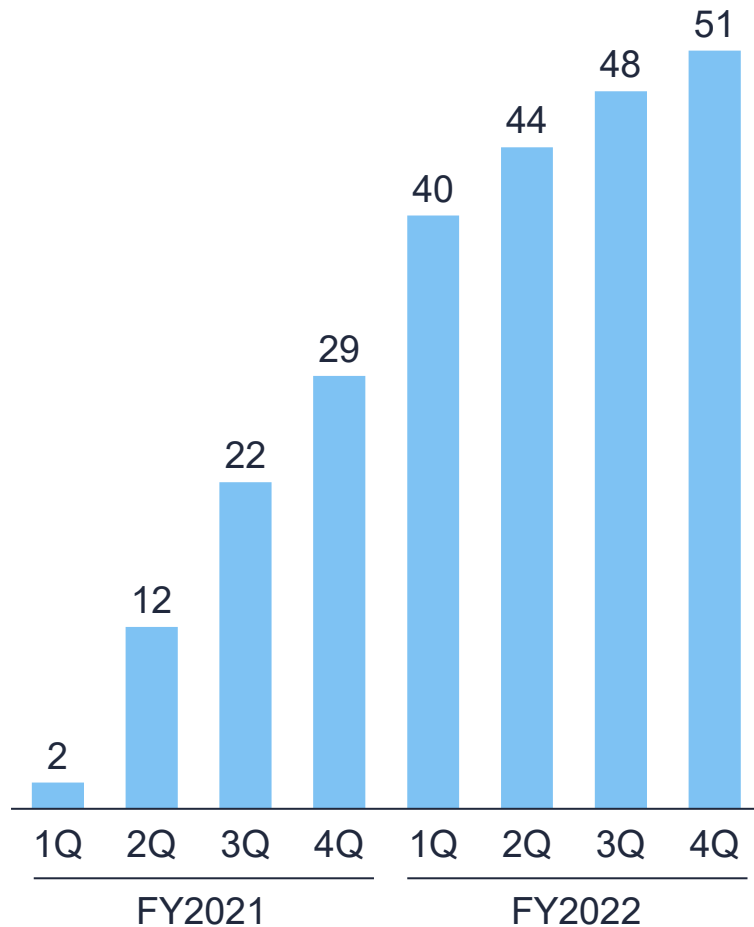
Thousands



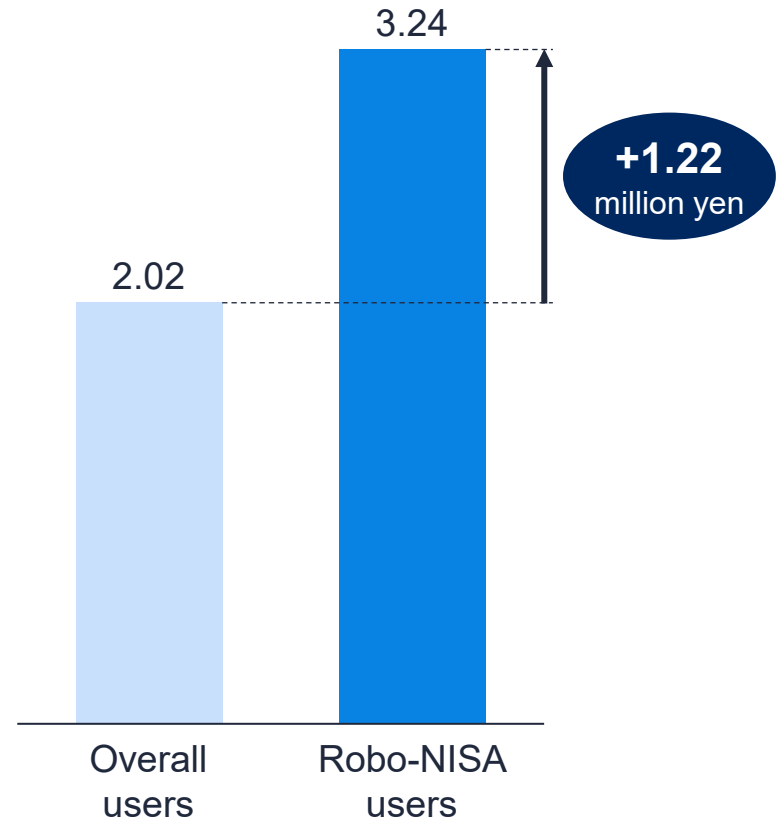
Note: The business alliances with SBI SECURITIES Co., Ltd. and SBI NEOMOBILE SECURITIES Co., Ltd. were terminated on November 4, 2022, and the customers and assets through the two companies were shifted to our direct service on November 5, 2022

# Robo-NISA contributes to AuM growth

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



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

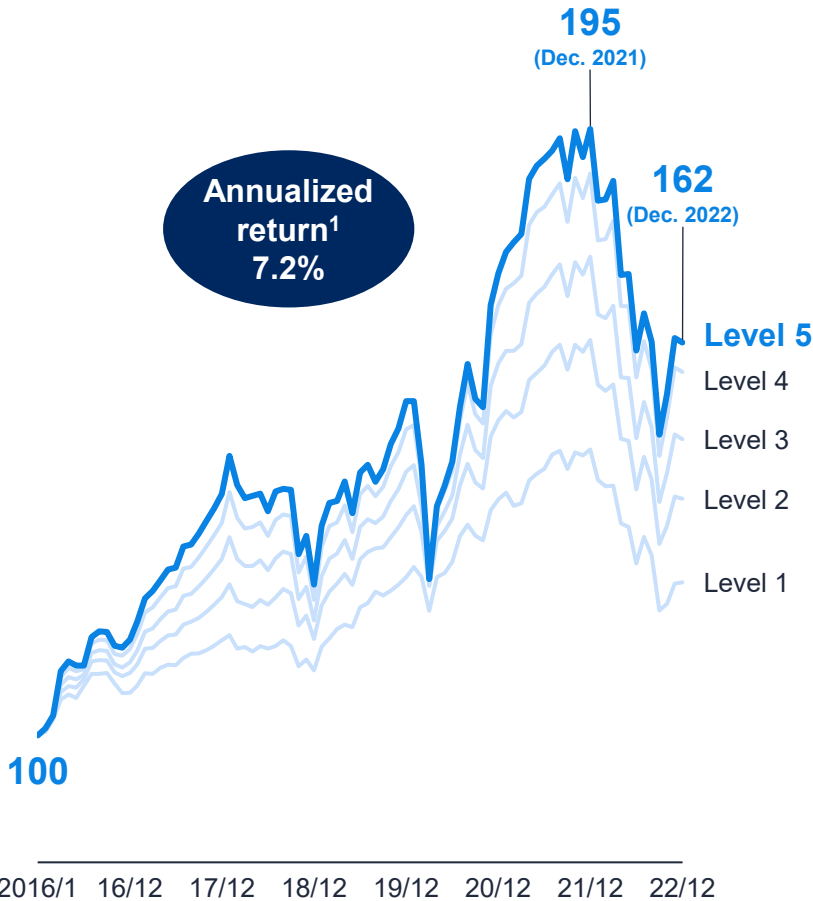
<sup>2</sup> Excluding users with AuM of 1 billion yen and above



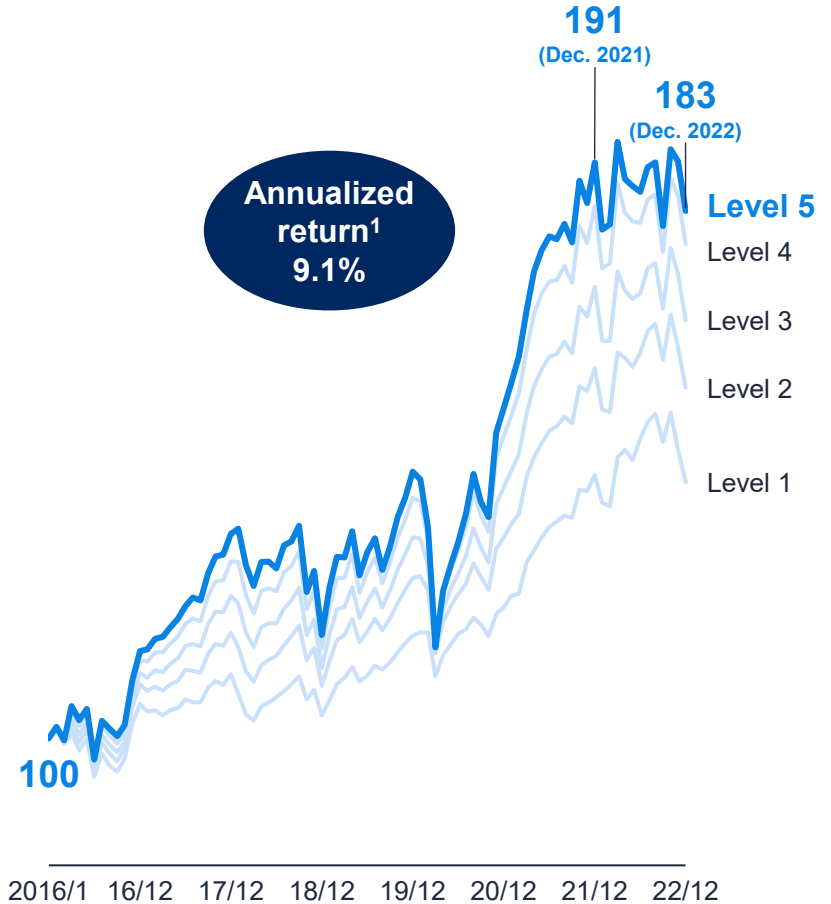
# Favorable performance – positive to AuM growth

## 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 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.

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Appendices

# Steady growth continued in 4Q and full-year 2022

- Reached profitability even with a high level of growth investment
- Compared to the forecasts announced on Sep. 30, operating revenue ended in line while operating profit exceeded due to less than planned expenditure for advertising and hiring

## Financial results

JPY millions

	4Q FY2022			FY2022			vs. forecast <sup>1</sup>	
	Actuals	4Q FY2021		Actuals	FY2021		Difference <sup>2</sup>	% <sup>2</sup>
		Actuals	YoY		Actuals	YoY		
<b>Operating revenue</b>	<b>1,766</b>	<b>1,436</b>	<b>+22.9%</b>	<b>6,573</b>	<b>4,647</b>	<b>+41.4%</b>	<b>+37</b>	<b>100.6%</b>
-) Revenue sharing	238	248	-4.1%	1,091	821	+32.9%	-	-
-) Transaction-linked expenses	198	173	+14.2%	789	655	+20.4%	-	-
-) Personnel expenses	400	325	+23.0%	1,466	1,090	+34.5%	-	-
-) Real estate related expenses, etc.	248	214	+16.0%	874	651	+34.2%	-	-
<b>Operating profit excluding advertising expenses</b>	<b>680</b>	<b>474</b>	<b>+43.4%</b>	<b>2,352</b>	<b>1,428</b>	<b>+64.7%</b>	-	-
-) Advertising expenses	606	639	-5.1%	2,142	1,861	+15.1%	-	-
<b>Operating profit</b>	<b>74</b>	<b>(164)</b>	<b>-</b>	<b>209</b>	<b>(432)</b>	<b>-</b>	<b>+164</b>	<b>466.3%</b>
<b>Net profit<sup>3</sup></b>	<b>151</b>	<b>(224)</b>	<b>-</b>	<b>289</b>	<b>(495)</b>	<b>-</b>	-	-

<sup>1</sup> Actual AuM vs. forecast AuM as of August 12, 2022 are as follows; Market-value AuM: JPY 719.7 billion vs. JPY 761.4 billion, Book-value AuM: JPY 650.2 billion vs. JPY 649.7 billion

<sup>2</sup> Difference between the actuals and the forecast announced on September 30, 2022

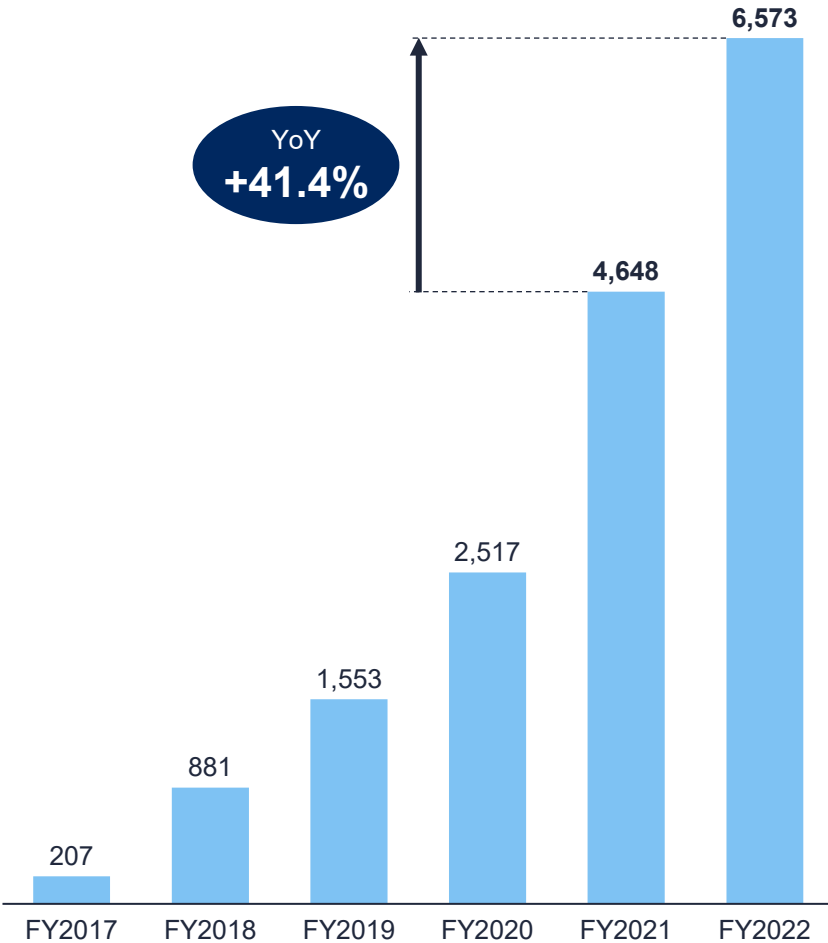
<sup>3</sup> (118) million yen of the corporate tax adjustment (negative denotes profit) is recorded in accordance with the recording of deferred tax assets

Note: Fractions of one million yen are rounded down

# Continued growth in operating revenue

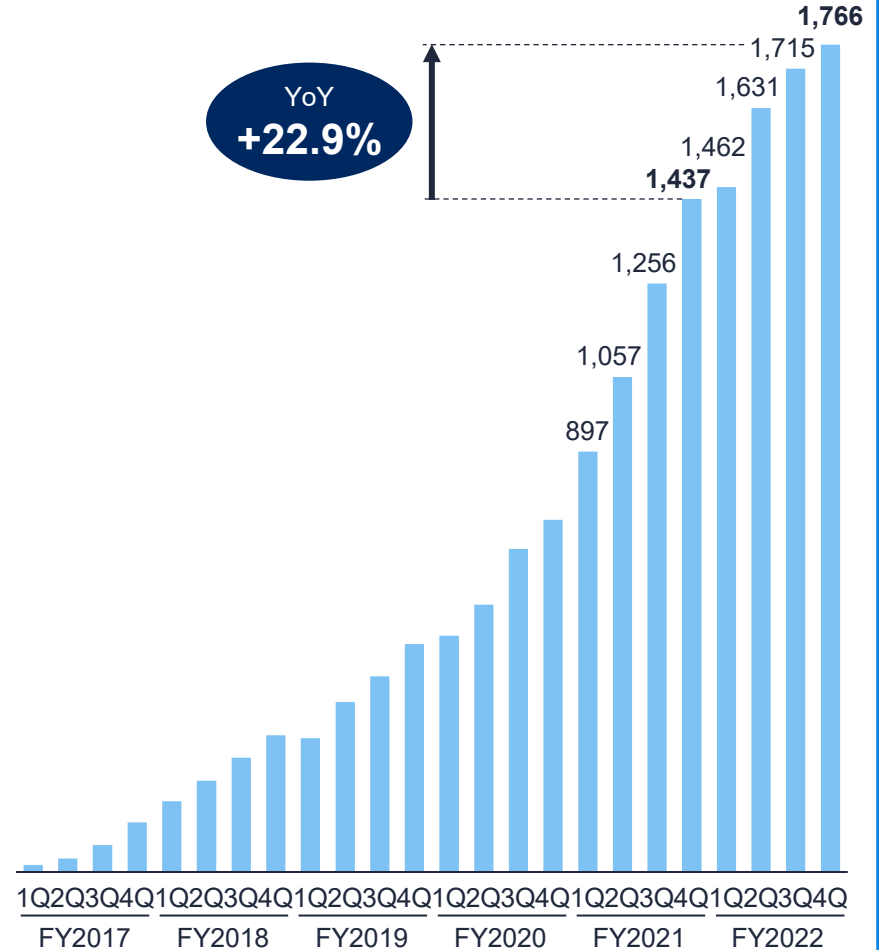
## Operating revenue

Annual; JPY millions



## Operating revenue

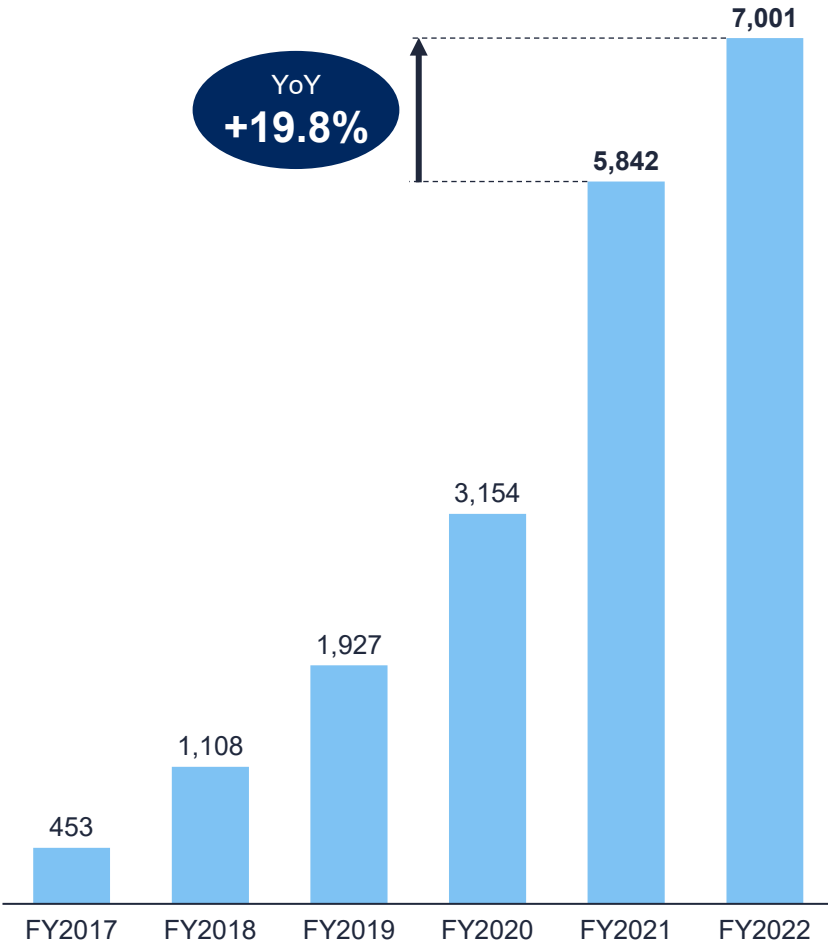
Quarterly; JPY millions



# Continued growth in ARR

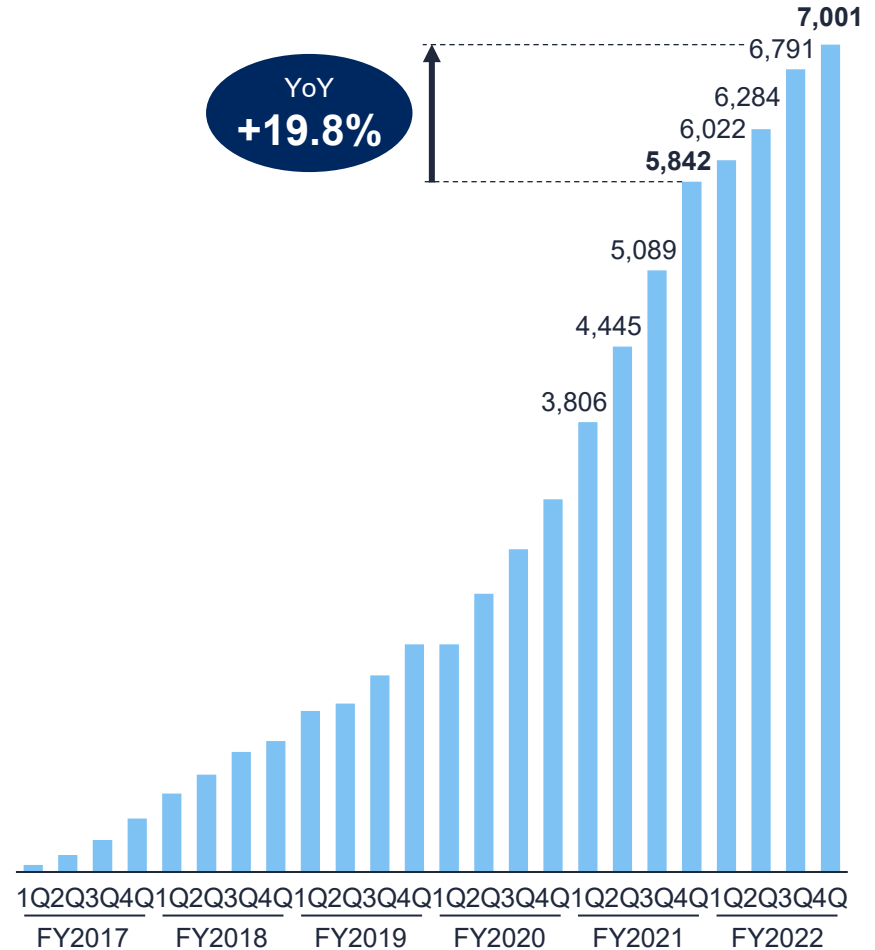
## ARR

Annual; JPY millions



## ARR

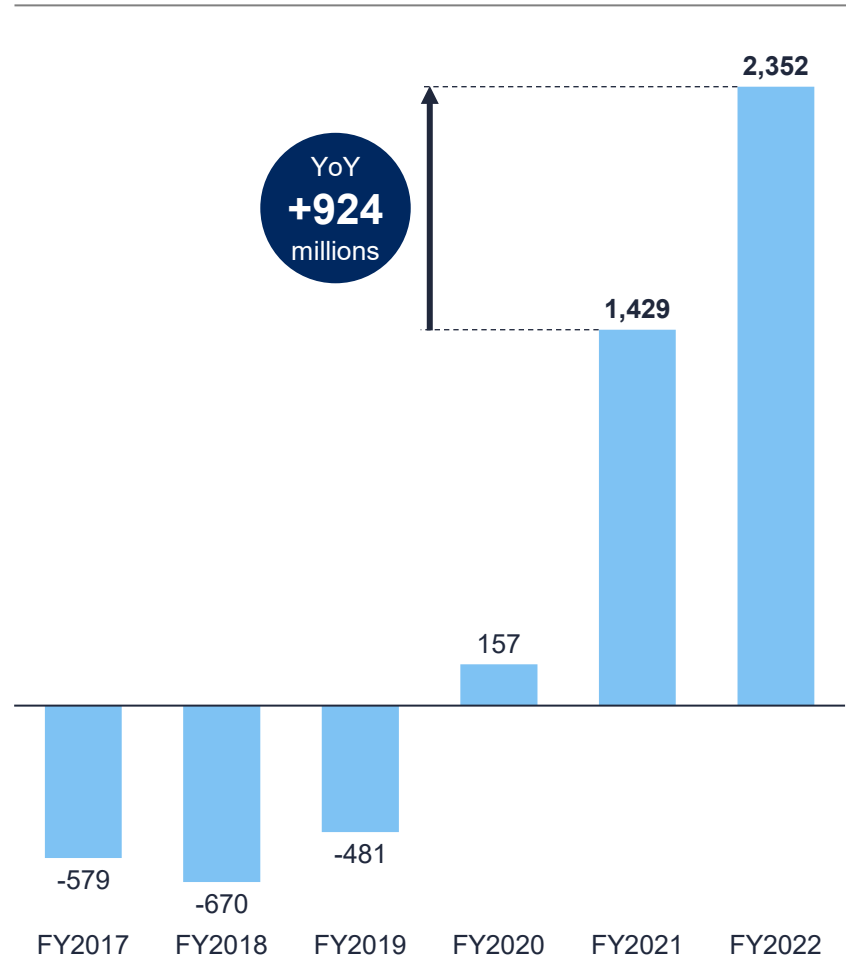
Quarterly; JPY millions



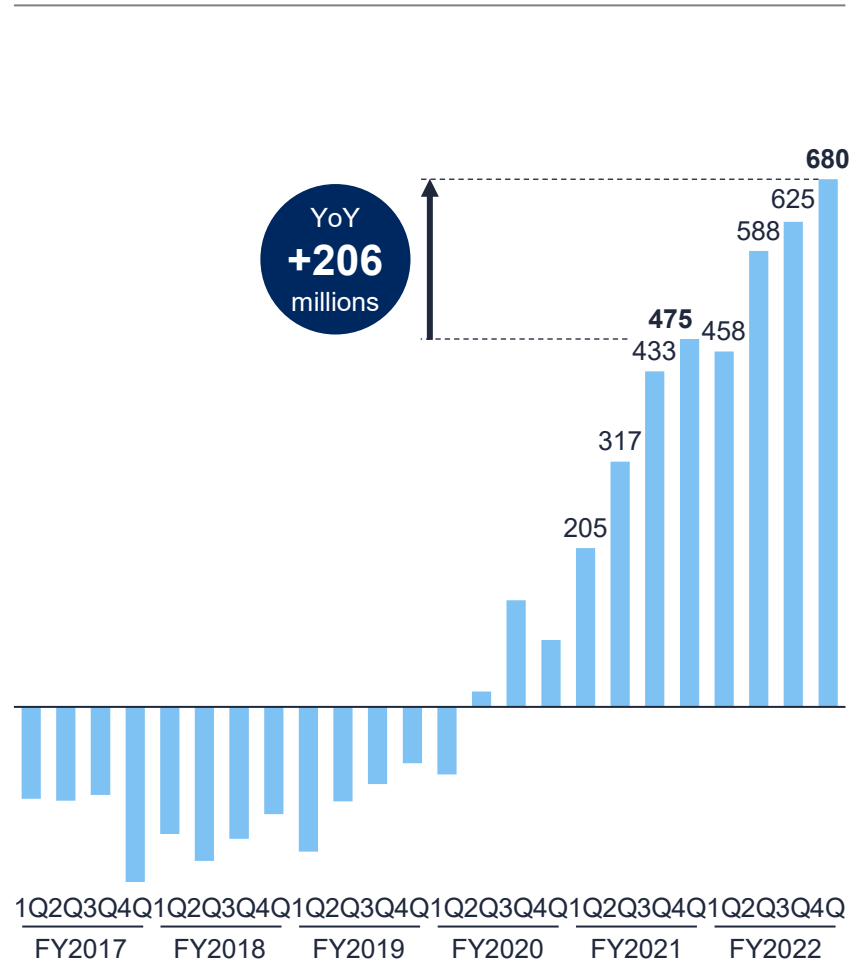
Note: Annual Recurring Revenue. Calculated by multiplying monthly recurring revenue (Monthly Recurring Revenue, "MRR") before deducting revenue sharing in December 2022 by 12

# Operating profit excluding advertising expenses significantly increased

Operating profit excluding advertising expenses  
Annual; JPY millions



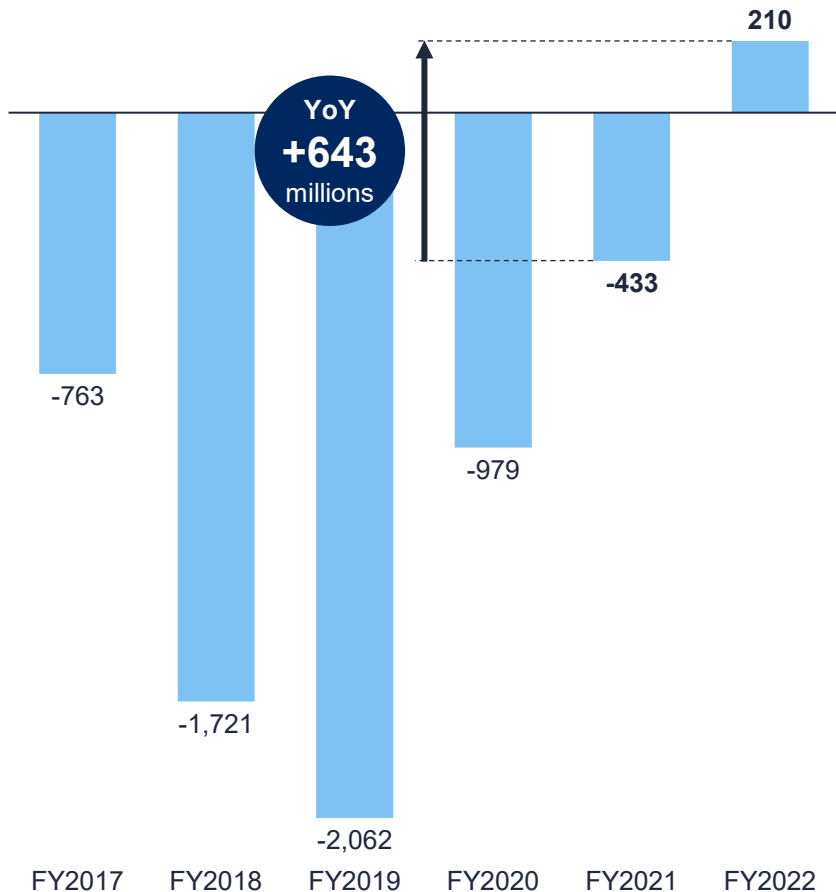
Operating profit excluding advertising expenses  
Quarterly; JPY millions



# Reached profitability in FY2022

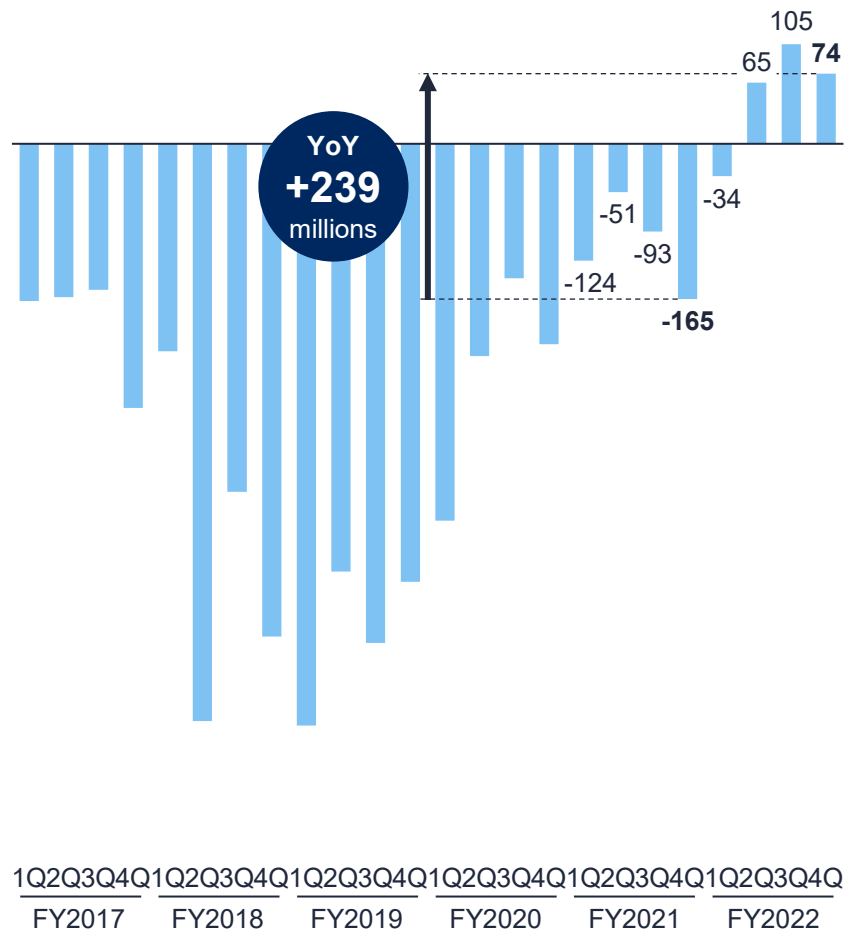
## Operating profit

Annual; JPY millions



## Operating profit

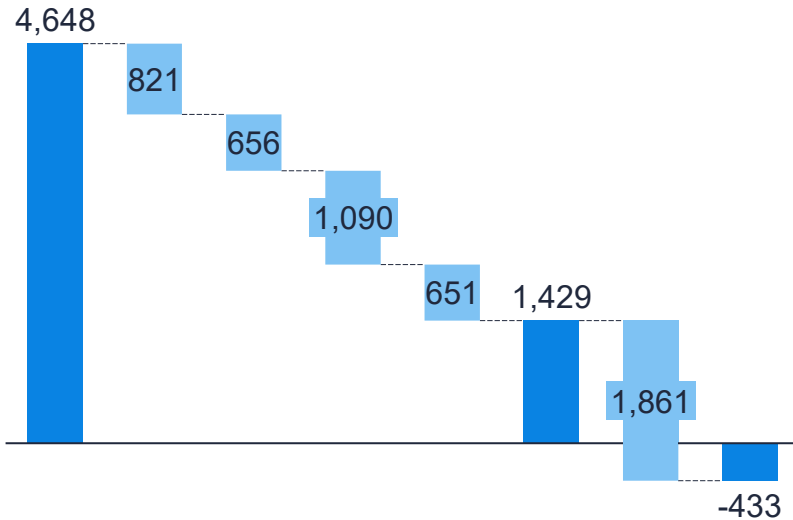
Quarterly; JPY millions



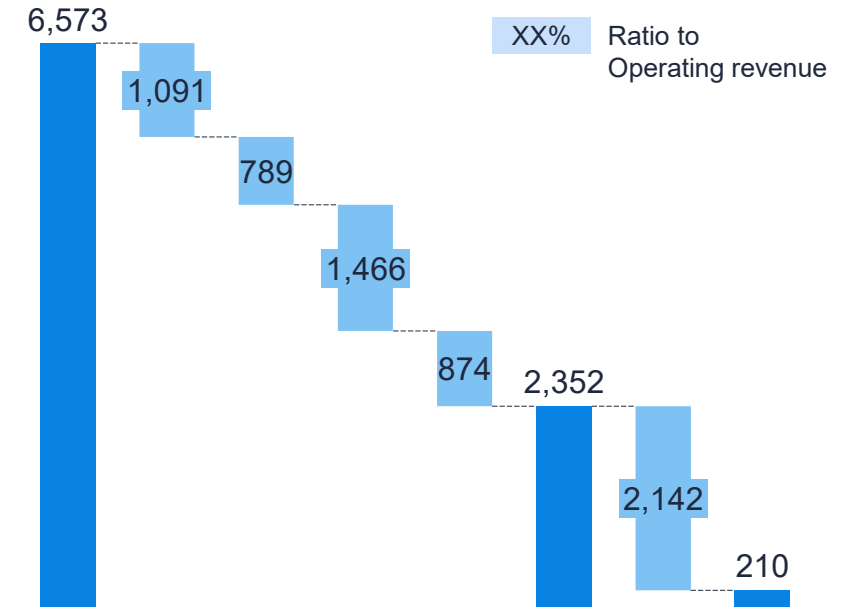
# Cost structure improved compared to last year

## Breakdown of revenue and expenses

FY2021; JPY millions



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

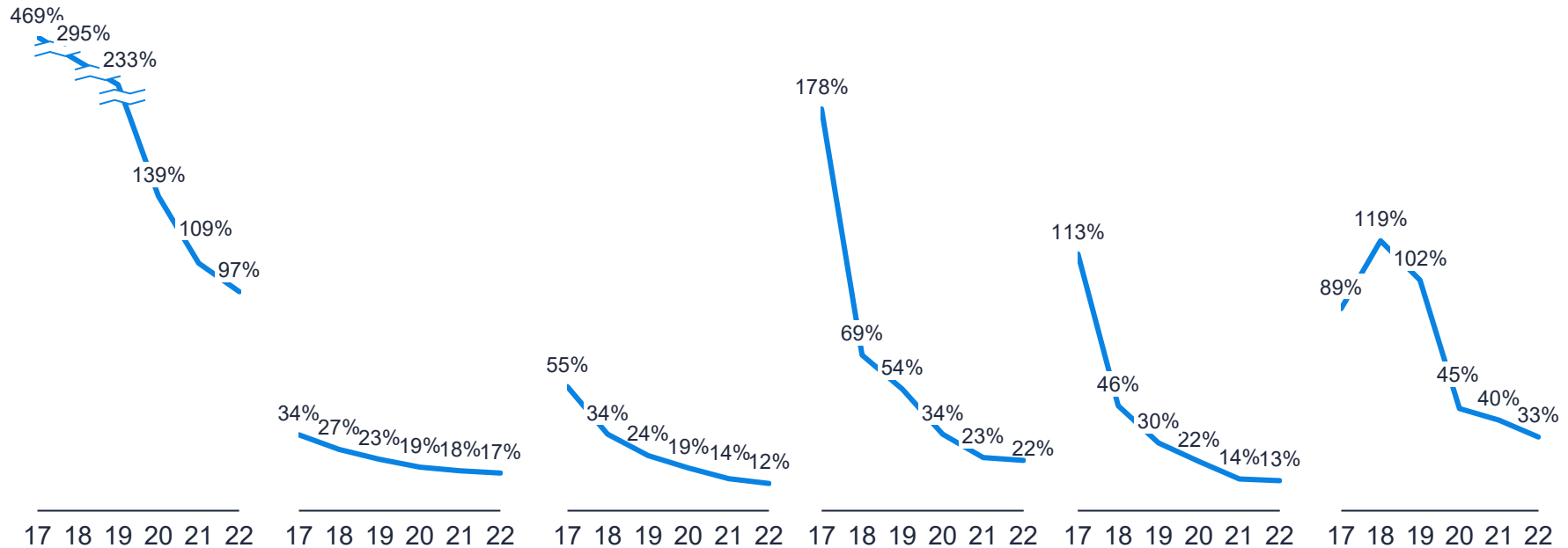


# Cost structure improved while investing for growth

- Revenue sharing: improved as a result of the termination of business alliances with two SBI companies and is to improve further in FY2023
- Transaction-linked expenses / Personnel expenses: continued to improve
- Real estate related expenses: improved despite the office expansion in 2Q
- Advertising expenses: improved due to growth in operating revenue with disciplined investing

## Operating revenue ratio

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



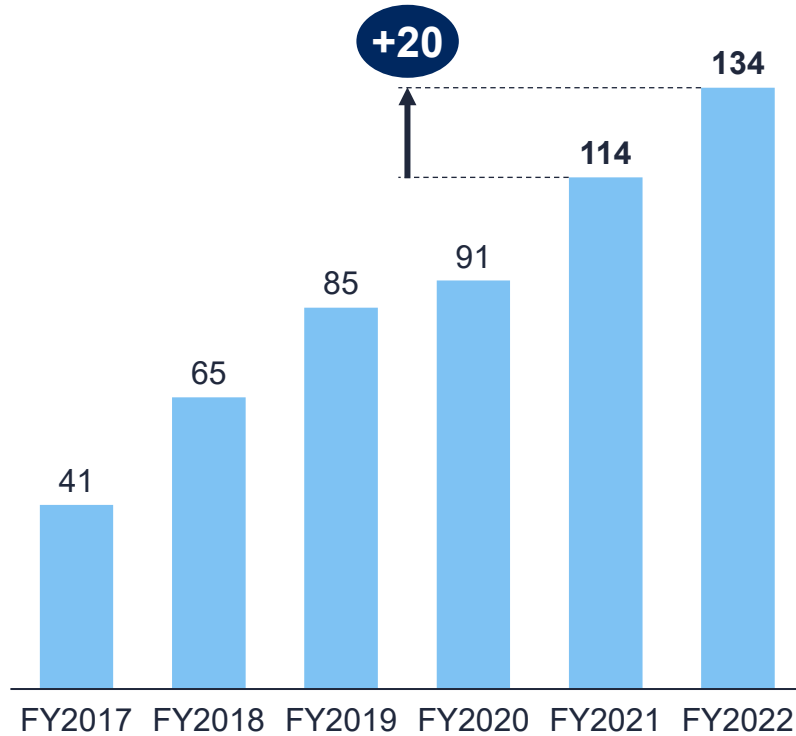
1 "Transaction-related expenses" include account opening expenses, deposit/recurring/withdrawal fees, etc.

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

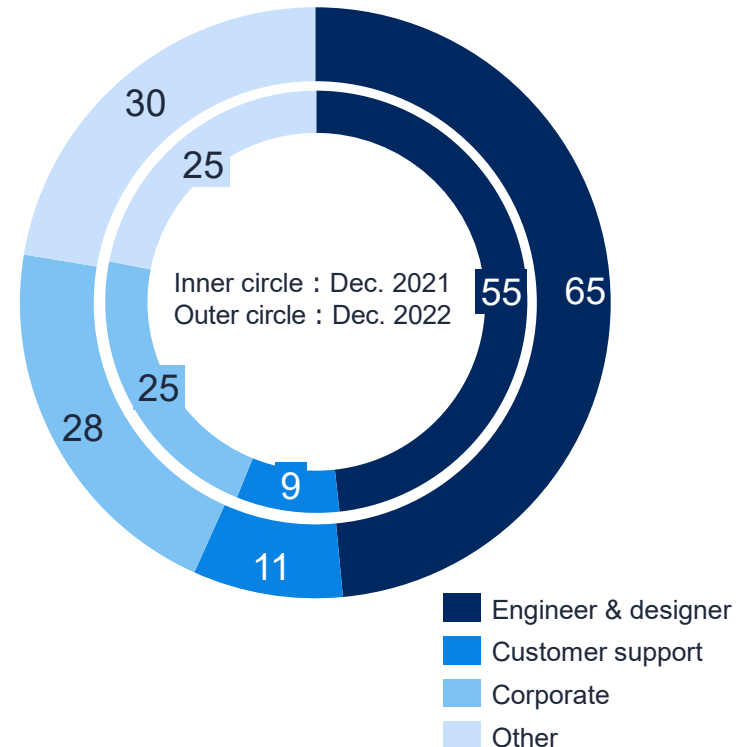
- Continue to strengthen recruitment of engineers & designers and sales & marketing talents in order to accelerate the existing business as well as developing new businesses
- Hired fewer than planned FTEs because of higher focus on talent density

## Number of employees



## Breakdown of full-time staff by function

As of Dec. 2021 and Dec. 2022



# Financial statements (1)

## Income statements

Annual; JPY millions

	FY2019	FY2020	FY2021	FY2022
<b>Operating revenue</b>	<b>1,552</b>	<b>2,516</b>	<b>4,647</b>	<b>6,573</b>
-) Revenue sharing	353	486	821	1,091
-) Transaction-linked expenses	378	475	655	789
-) Personnel expenses	834	850	1,090	1,466
-) Real estate related expenses, etc.	466	548	651	874
<b>Operating profit excluding advertising expenses</b>	<b>-480</b>	<b>156</b>	<b>1,428</b>	<b>2,352</b>
-) Advertising expenses	1,581	1,135	1,861	2,142
<b>Operating profit</b>	<b>-2,061</b>	<b>-978</b>	<b>-432</b>	<b>209</b>

### Operating revenue ratio

-) Revenue sharing	23%	19%	18%	17%
-) Transaction-linked expenses	24%	19%	14%	12%
-) Personnel expenses	54%	34%	23%	22%
-) Real estate related expenses, etc.	30%	22%	14%	13%
<b>Operating profit excluding advertising expenses</b>	<b>-31%</b>	<b>6%</b>	<b>31%</b>	<b>36%</b>
-) Advertising expenses	102%	45%	40%	33%
<b>Operating profit</b>	<b>-133%</b>	<b>-39%</b>	<b>-9%</b>	<b>3%</b>

Note: Fractions of one million yen are rounded down

# Financial statements (2)

## Income statements

Quarterly; JPY millions

	FY2019				FY2020				FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<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>	<b>1,630</b>	<b>1,714</b>	<b>1,766</b>
-) Revenue sharing	76	85	92	99	109	114	122	139	158	192	222	248	258	283	311	238
-) Transaction-linked expenses	91	88	99	98	125	108	118	122	153	163	165	173	201	193	196	198
-) Personnel expenses	191	206	209	226	224	209	186	228	238	248	277	325	350	342	372	400
-) Real estate related expenses, etc.	112	103	114	134	131	118	123	175	143	135	158	214	192	223	209	248
<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>	<b>587</b>	<b>625</b>	<b>680</b>
-) Advertising expenses	429	331	428	391	312	244	280	298	328	367	525	639	492	523	520	606
<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>	<b>64</b>	<b>105</b>	<b>74</b>

### Operating revenue ratio

-) Revenue sharing	27%	24%	22%	20%	22%	20%	18%	18%	18%	18%	18%	17%	18%	17%	18%	13%
-) Transaction-linked expenses	32%	24%	24%	20%	25%	19%	17%	16%	17%	15%	13%	12%	14%	12%	11%	11%
-) Personnel expenses	67%	57%	50%	47%	45%	37%	27%	30%	27%	24%	22%	23%	24%	21%	22%	23%
-) Real estate related expenses, etc.	40%	29%	28%	28%	26%	21%	18%	23%	16%	13%	13%	15%	13%	14%	12%	14%
<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>	<b>36%</b>	<b>36%</b>	<b>39%</b>
-) Advertising expenses	150%	91%	103%	80%	62%	43%	41%	40%	37%	35%	42%	44%	34%	32%	30%	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>	<b>4%</b>	<b>6%</b>	<b>4%</b>

Note: Fractions of one million yen are rounded down

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FY2022 business highlights

FY2022 financial highlights

**FY2023 business strategy**

Appendices

# Strategic focus in 2023: New NISA

Our strategic focus in 2023 is to upgrade Robo-NISA to align with New NISA, which will start in January 2024 (subject to Diet's approval)

## In December 2022, the Government announced New NISA starting in 2024

- **Single, integrated program:** Existing two NISA programs, general NISA and installment NISA, will be integrated into a single New NISA
- **Larger tax benefits:** Maximum amount of investments exempt from capital gain tax will be increased from JPY6-8M to JPY 18M (JPY 3.6M per year)
- **Permanent program:** New NISA will offer permanent tax exemption (currently up to 10-20 years)

## New NISA will create opportunities and risks for WealthNavi

- **Opportunities:** New NISA may encourage taxpayers, especially working families, to start investing and shift more assets from bank deposits to risk-bearing assets, providing growth opportunities for WealthNavi
- **Risks:** Introduction of New NISA may intensify competition and require additional technology and operational resources

Note: "NISA" stands for the "Nippon Individual Savings Account," a tax exemption program for small investments. The details of the new NISA program will be finalized in 2023

# New NISA will start in January 2024

New NISA, which integrates the existing two NISA programs and has enhanced tax benefits, will start in January 2024 (subject to Diet's approval)

 Robo-NISA's coverage

	General NISA	or	Installment NISA	New NISA (starting in 2024)		
				“Growth allowance”	and/or	“Installment allowance”
Eligible products	<ul style="list-style-type: none"> <li>Stocks, mutual funds and ETFs</li> </ul>		<ul style="list-style-type: none"> <li>Registered mutual funds and ETFs</li> </ul>	<ul style="list-style-type: none"> <li>Stocks, mutual funds and ETFs</li> </ul>		<ul style="list-style-type: none"> <li>Registered mutual funds and ETFs</li> </ul>
Annual investment allowance	<ul style="list-style-type: none"> <li>JPY 1.2M</li> </ul>		<ul style="list-style-type: none"> <li>JPY 0.4M</li> </ul>	<ul style="list-style-type: none"> <li>JPY 2.4M</li> </ul>		<ul style="list-style-type: none"> <li>JPY 1.2M</li> </ul>
Total investment allowance	<ul style="list-style-type: none"> <li>JPY 6M</li> </ul>		<ul style="list-style-type: none"> <li>JPY 8M</li> </ul>	<ul style="list-style-type: none"> <li>JPY 12M</li> </ul>		<ul style="list-style-type: none"> <li>JPY 18M</li> </ul>
				〔 JPY 18M in total 〕		
Maximum period of tax exemption	<ul style="list-style-type: none"> <li>10 years</li> </ul>		<ul style="list-style-type: none"> <li>20 years</li> </ul>	〔 Permanent 〕		

Note: “NISA” stands for the “Nippon Individual Savings Account,” a tax exemption program for small investments. The details of the new NISA program will be finalized in 2023

# Strategic focus for 2023: New NISA

We are temporarily shifting our strategic focus to New NISA while still improving our product development capabilities and building our multi-service platform

	Key initiatives	Priority
I Multi-service platform	<ul style="list-style-type: none"><li>• Develops a multi-service platform to serve a wide range of advisory needs and support behavioral changes in investments</li><li>• Collaborates with both existing and new alliance partners to accelerate the development of the multi-service platform</li></ul>	Medium
II New NISA	<ul style="list-style-type: none"><li>• Expands Robo-NISA's coverage to both general NISA and installment NISA so that it can fully support users in the integrated New NISA program</li><li>• Enhances product features, e.g., lowering JPY 100K minimum investment threshold to JPY 10K so that new users can start using our service with the recurring deposit plan (current average monthly deposits per user: JPY 44K)</li><li>• Focuses marketing activities on potential NISA users, collaborating with alliance partners with common goals</li></ul>	Very high
III Capability building	<ul style="list-style-type: none"><li>• Streamlines and standardizes product development processes to develop and improve multiple products/functions simultaneously</li><li>• Improves the system architecture to enable faster product development, to improve system scalability and stability, and to realize economy of scale</li><li>• Shifts to a servant leadership model and empower product managers and technology leads</li></ul>	High

Note: "NISA" stands for the "Nippon Individual Savings Account," a tax exemption program for small investments. The details of the new NISA program will be finalized in 2023



# Earnings forecast for FY2023

- **We do not disclose FY2023 guidance at this moment**
  - Market-value AuM is hard to predict under current volatile market conditions
  - New NISA may provide both opportunities and risks for WealthNavi, but uncertainties remain including program details, competitive landscape and customer behavior
- **Our commitment to proactive growth investment aiming to maximize mid/long-term free cashflow remains unchanged. To this end, we plan to redirect the revenue sharing payments which no longer go to the two SBI companies**
  - **Marketing and advertisement:** continues aggressive, yet disciplined, advertising for new customer acquisition as well as retention of existing users
  - **Alliance channel:** work together with the existing partners to start promoting New NISA and to shift assets from bank deposits
  - **Talent management:** plans to increase FTEs by 30 or more to accelerate the growth of existing business and to develop a multi-service platform
- **We will announce FY2023 guidance as soon as we can do so with reasonable certainty – upon the 1Q earnings at the earliest**

# 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

JPY634Bn ▶ JPY720Bn

(Dec. 31, 2021) (Dec. 31, 2022)

+13%

## Number of users

317K ▶ 356K

(Dec. 31, 2021) (Dec. 31, 2022)

+12%

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

120%+ ▶ 120%+

(Dec. 31, 2021) (Dec. 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 December 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%

(Dec. 31, 2021)

(Dec. 31, 2022)

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

JPY44K



JPY44K

(Dec. 31, 2021)

(Dec. 31, 2022)

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

<1%



<1%

(Dec. 31, 2021)

(Dec. 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 December 2022)

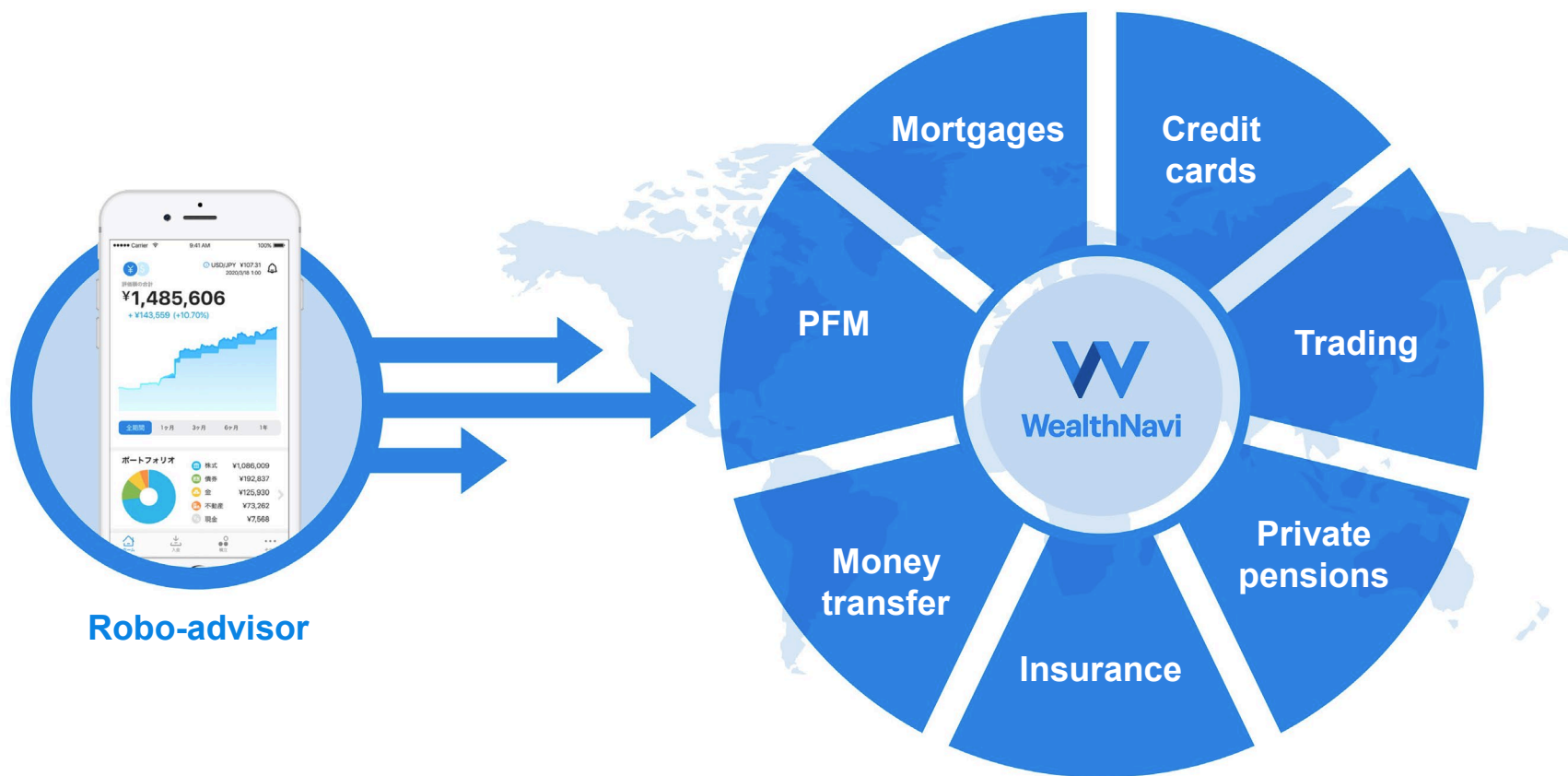
(Initial AuM + Automated deposits for 1 year + Additional manual deposits for 1 year – Withdrawal for 1 year) / Initial AuM

<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 December 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

FY2022 business highlights

FY2022 financial highlights

FY2023 business strategy

**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  
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.



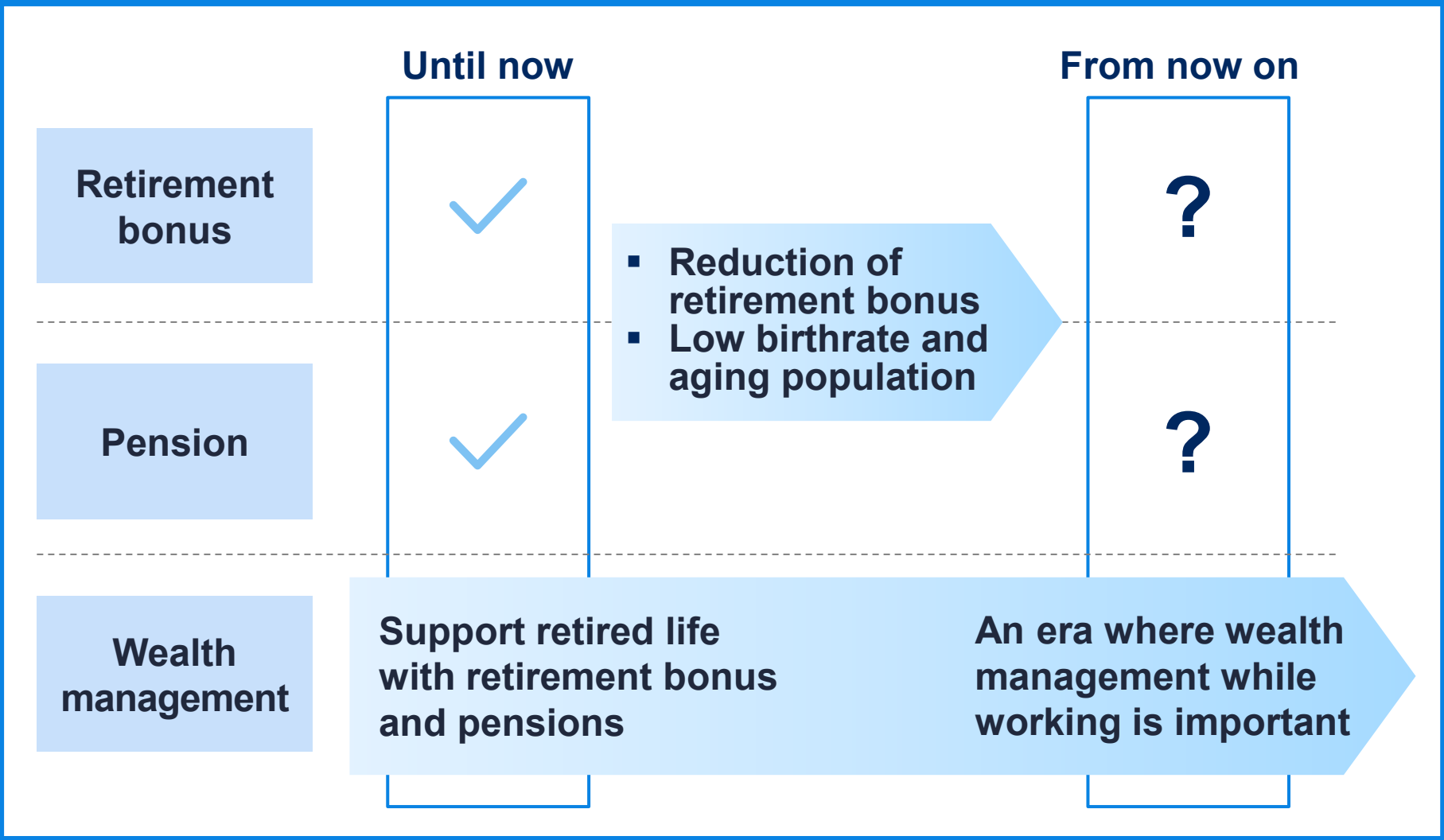
**Sachihiko  
Fujimoto<sup>2</sup>**

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.

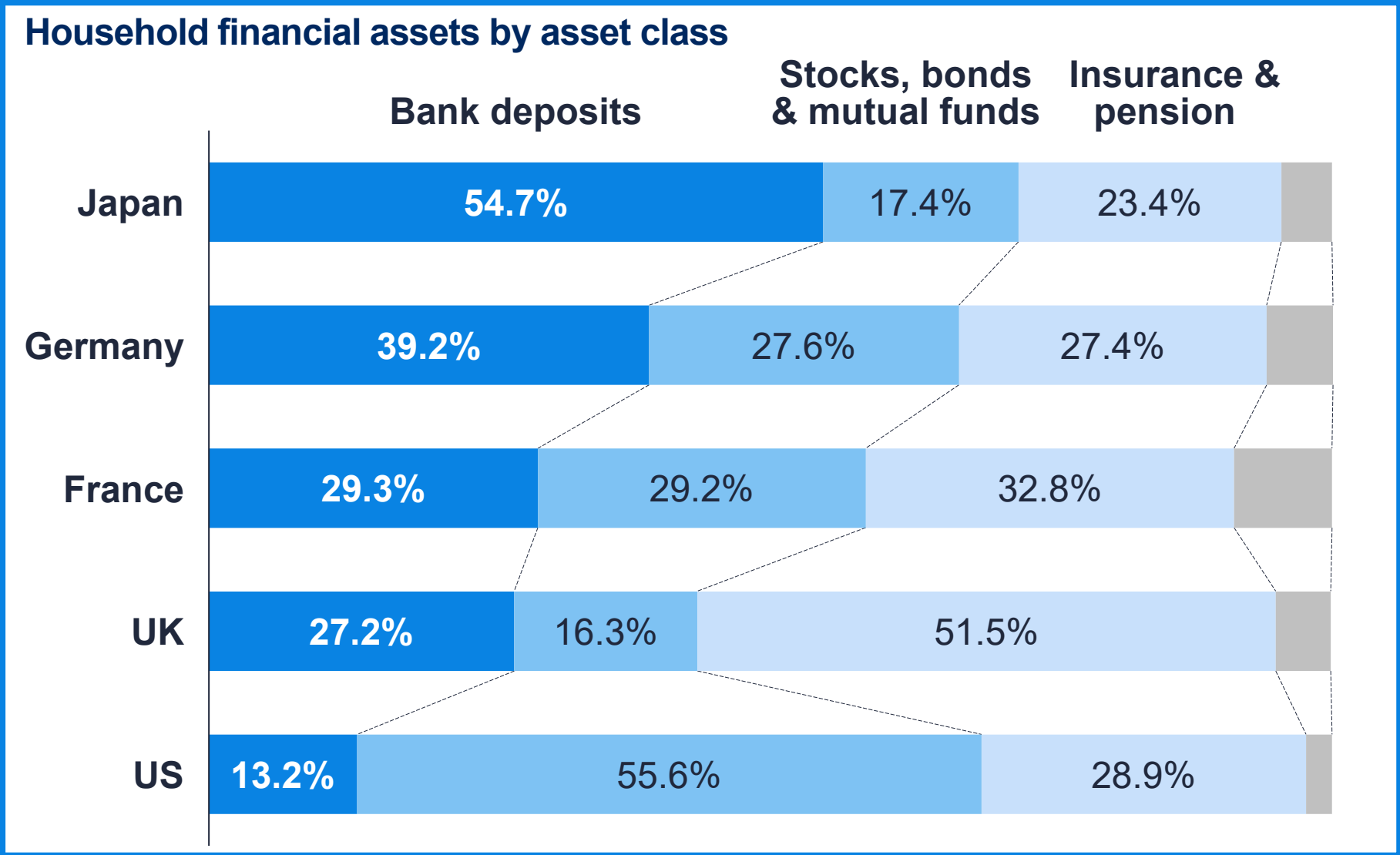
<sup>1</sup> Full-time Audit & Supervisory Committee Member

<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, 54.7% 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

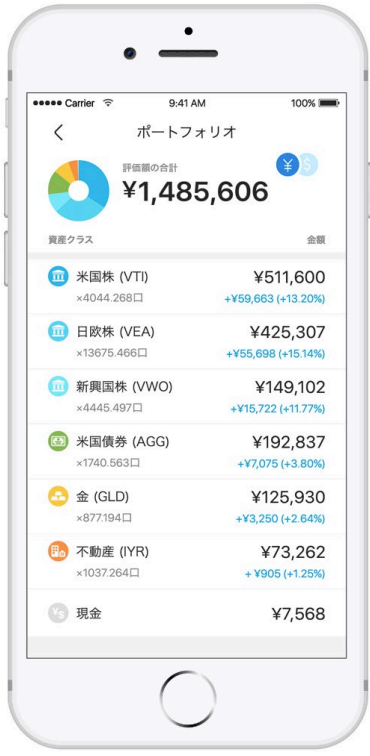
Risk tolerance assessment through **5 questions** and proposed **wealth management plan**



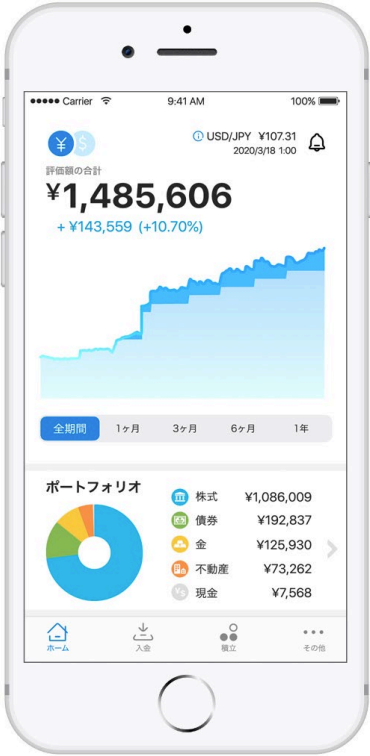
Roadmap to your **goal** and visualized **risk**



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



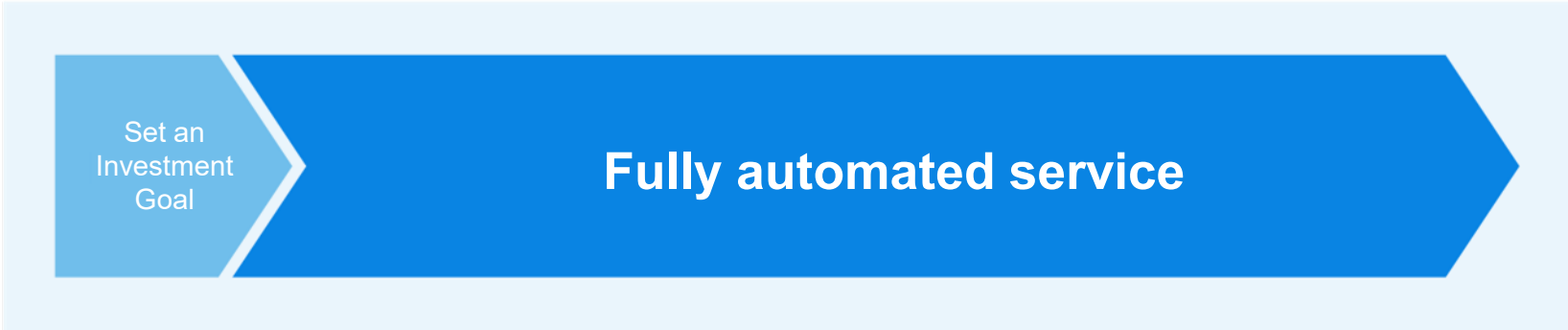
Daily performance tracking in JPY/USD



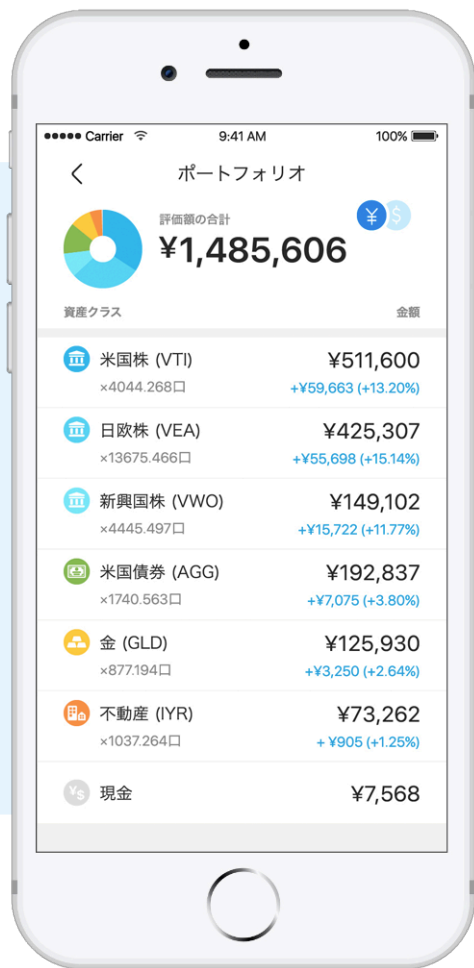
Note: The picture is an image

# 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 selected ETFs



3 Vanguard ETFs, 4 BlackRock ETFs and 1 State Street ETF<sup>1</sup>

On average, 75% equities, 15% fixed income, 10% 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 December 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

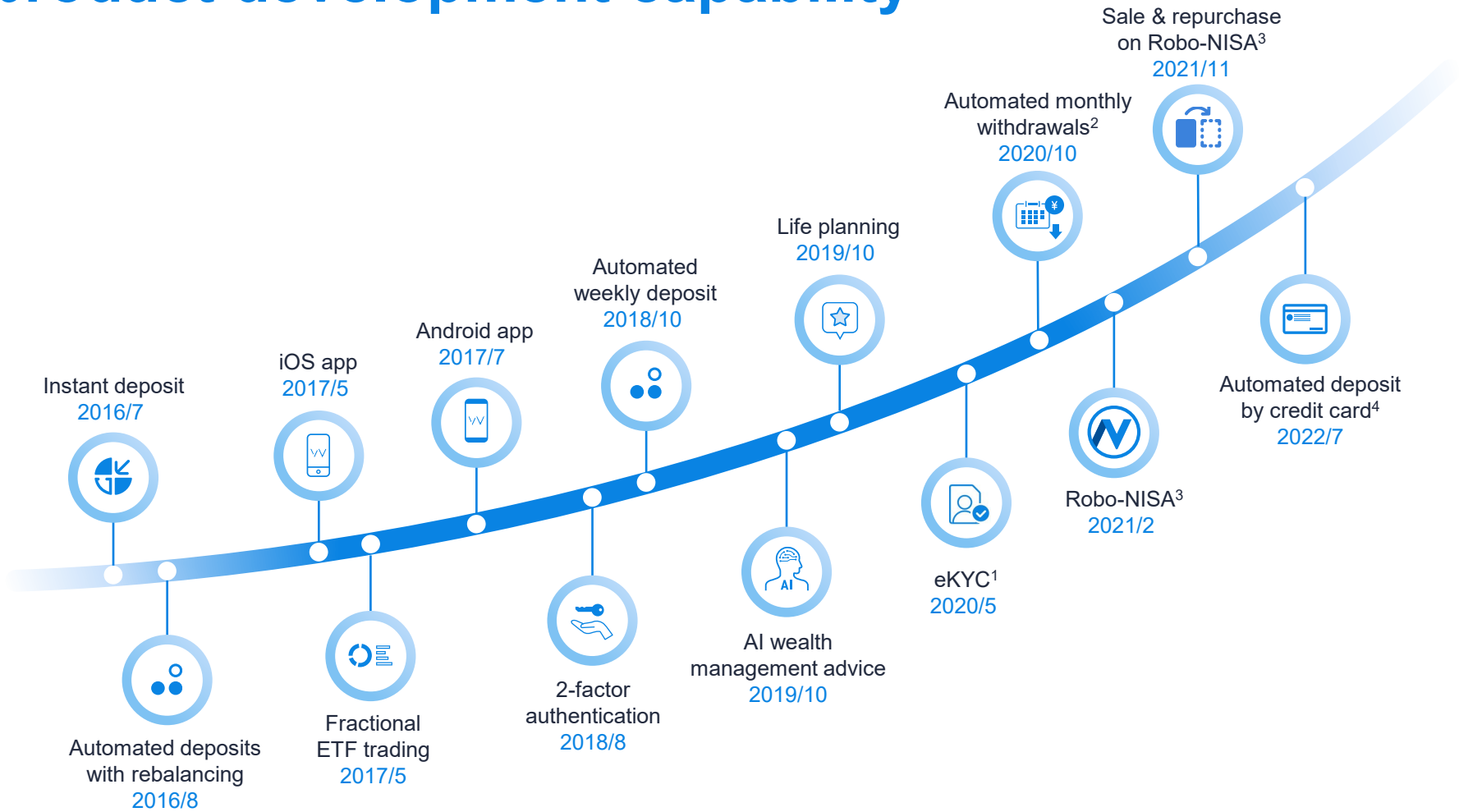
Fee structure that aligns interest between users and WealthNavi

### 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



Note: Functions launched and provided as of December 31, 2022.

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

2 Only for users of "Hokkoku Omakase Navi"

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

4 Only for users of "WealthNavi for AEON Card"

# “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

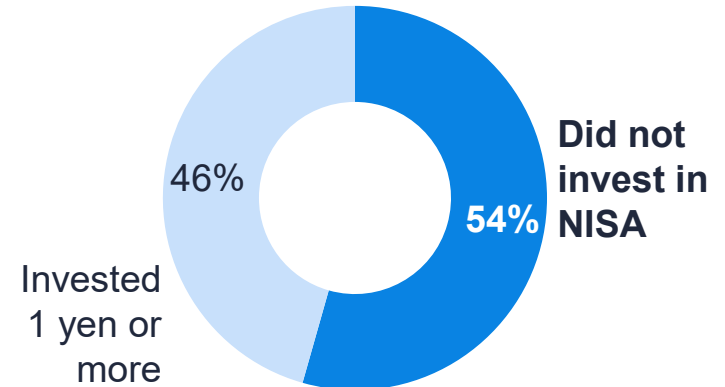
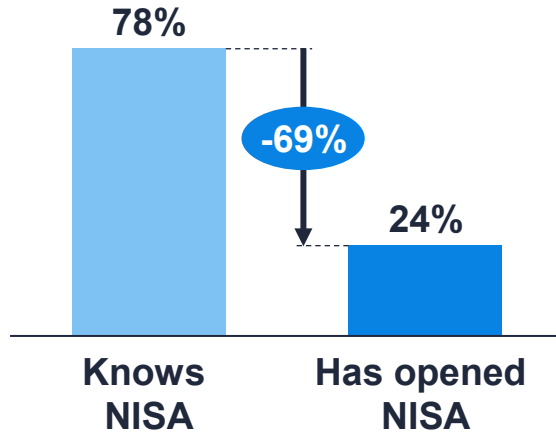
<sup>1</sup> “Robo-NISA” utilizes general NISA, not monthly (“Tsumitate”) NISA. Up to JPY 1.2M can be invested in a NISA account every year for up to 5 years, and capital gains and dividends on investments in the NISA account are exempt from Japanese individual income tax and local taxes for up to 5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

# NISA isn't widely used despite its wide recognition

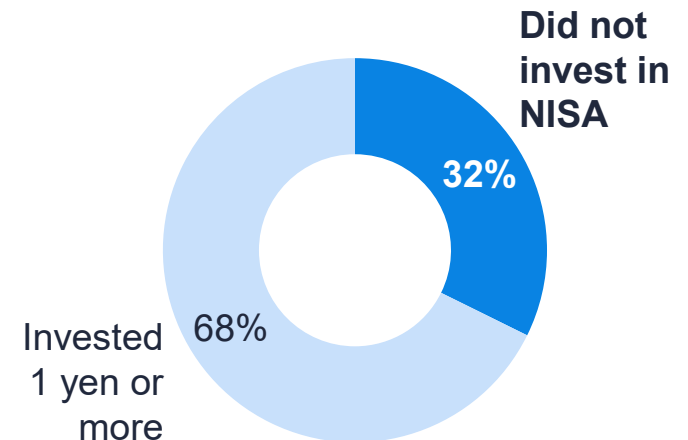
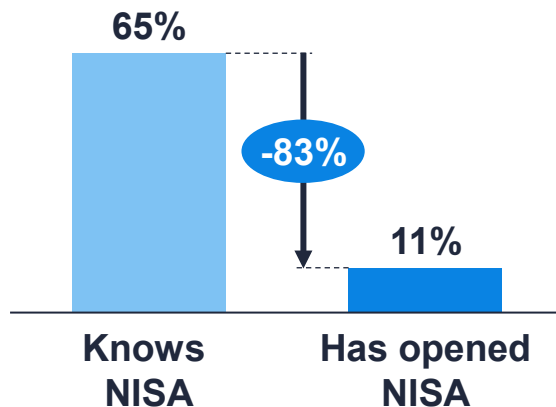
Most people know about NISA, but most have not opened NISA accounts<sup>1</sup>

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

## General NISA



## Installment NISA



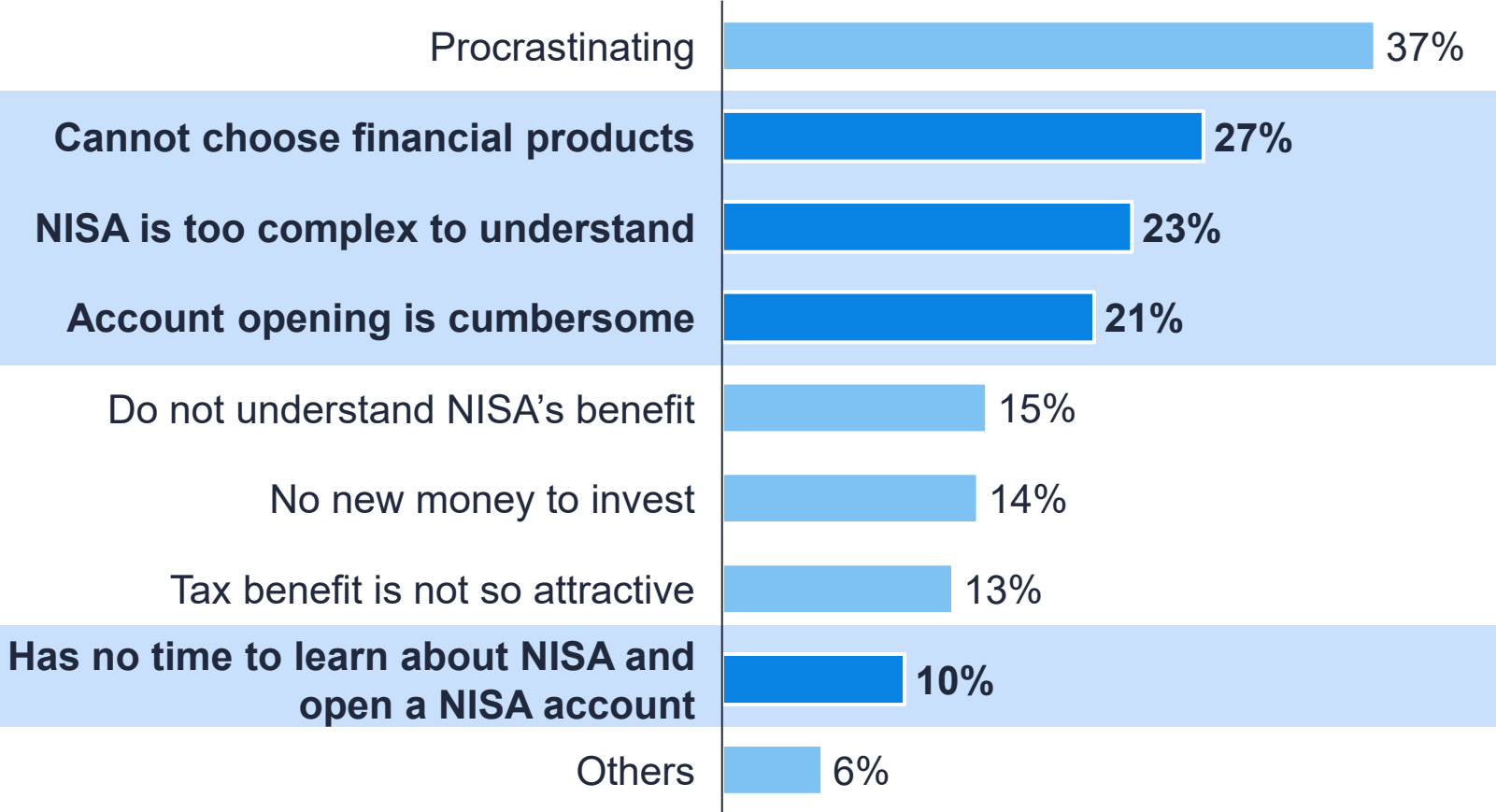
<sup>1</sup> WealthNavi analysis based on the Investment Trusts Association, "Report of survey on mutual funds in 2020 – NISA, iDeCo, etc."

<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

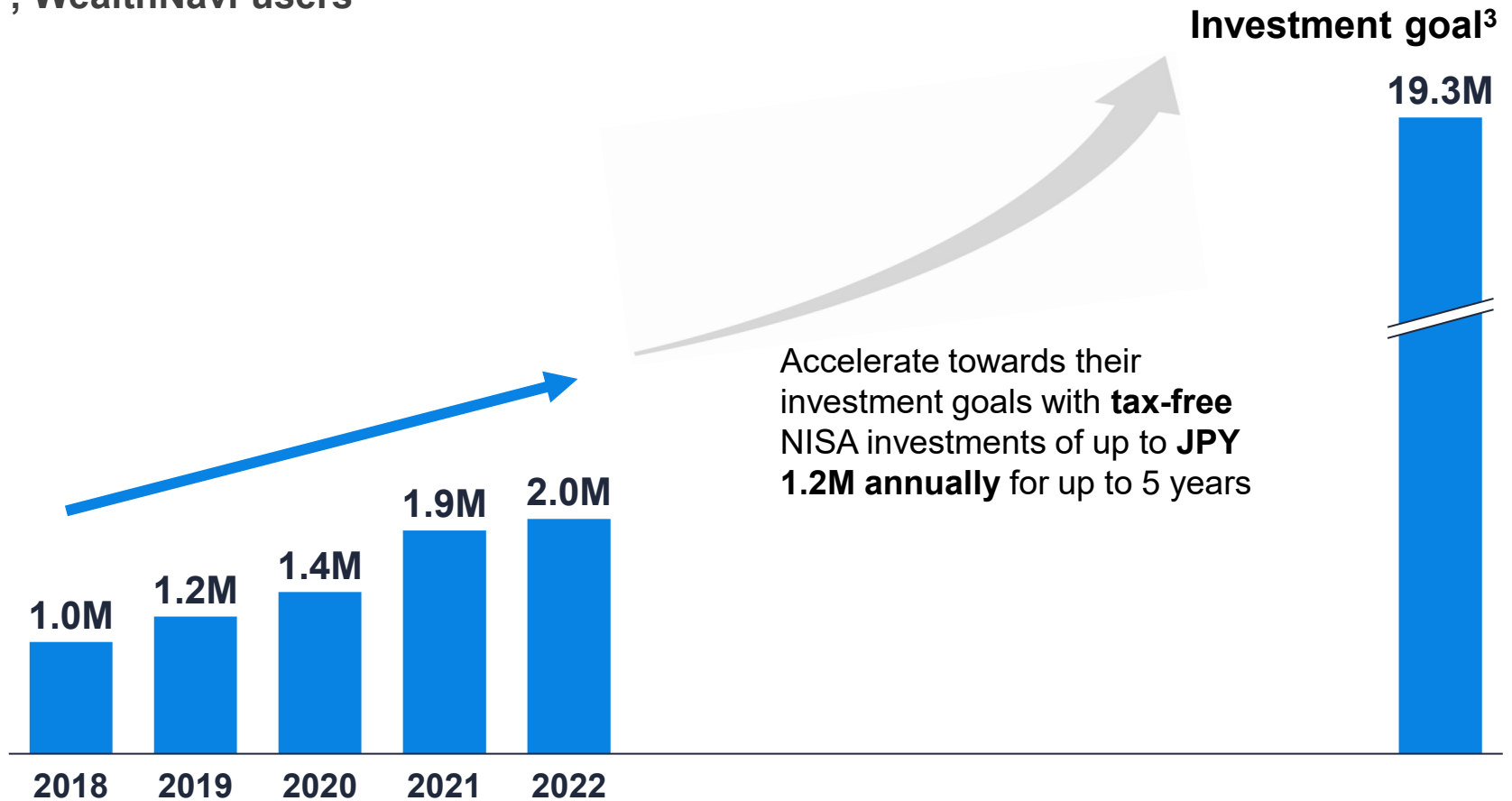
## Reasons for not using NISA



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

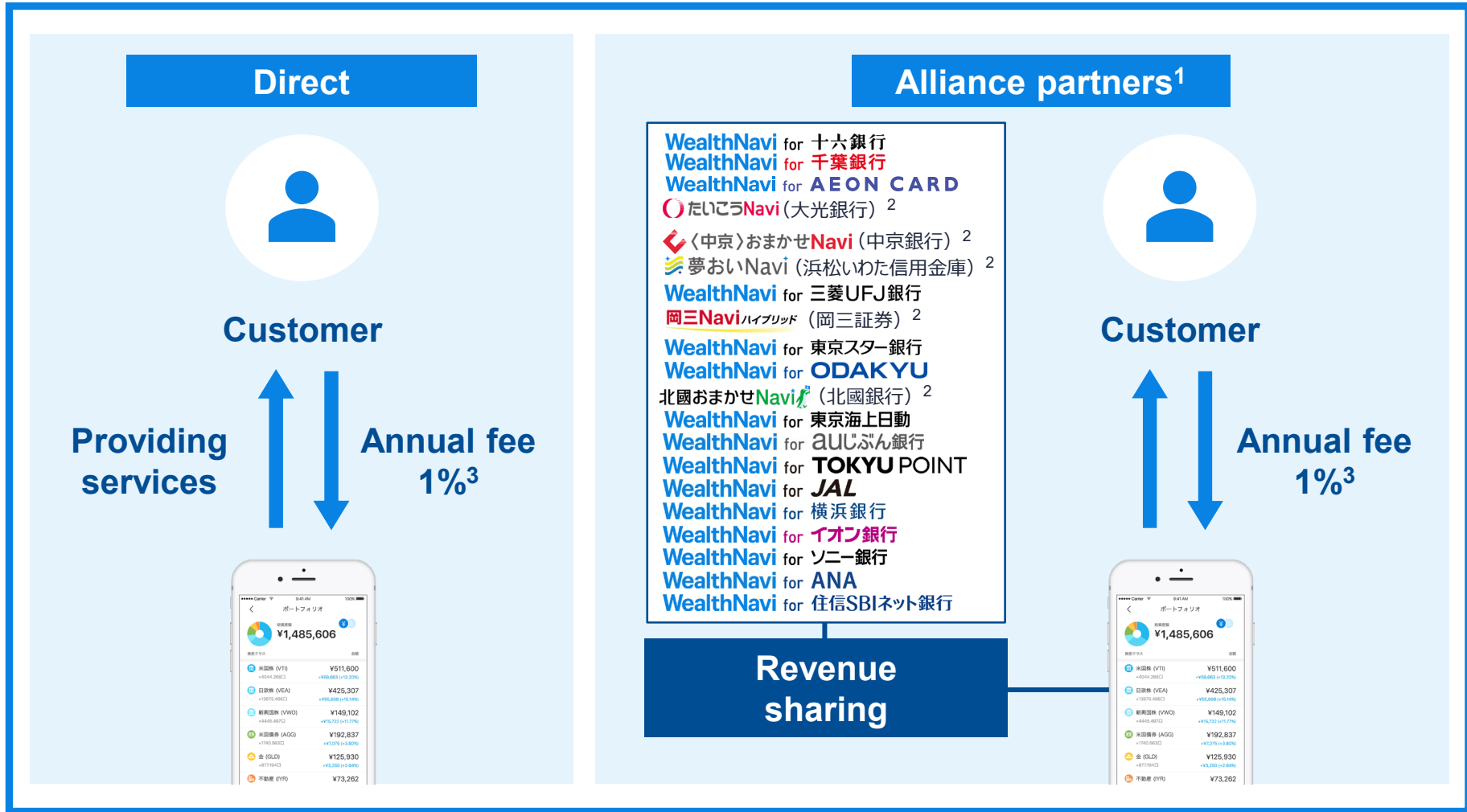


1 As of end of each year

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 December 31, 2022

# Both direct and alliance partners basically provide the same services and split fees from customers



<sup>1</sup> Channels available as of December 31, 2022. Launched “WealthNavi for ORIX Bank” with ORIX Bank on February 8. Preparing with the Toho Bank for a new service

<sup>2</sup> Managed account service with a hybrid of online and face-to-face support

<sup>3</sup> 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)

Note: The picture is an image

# 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

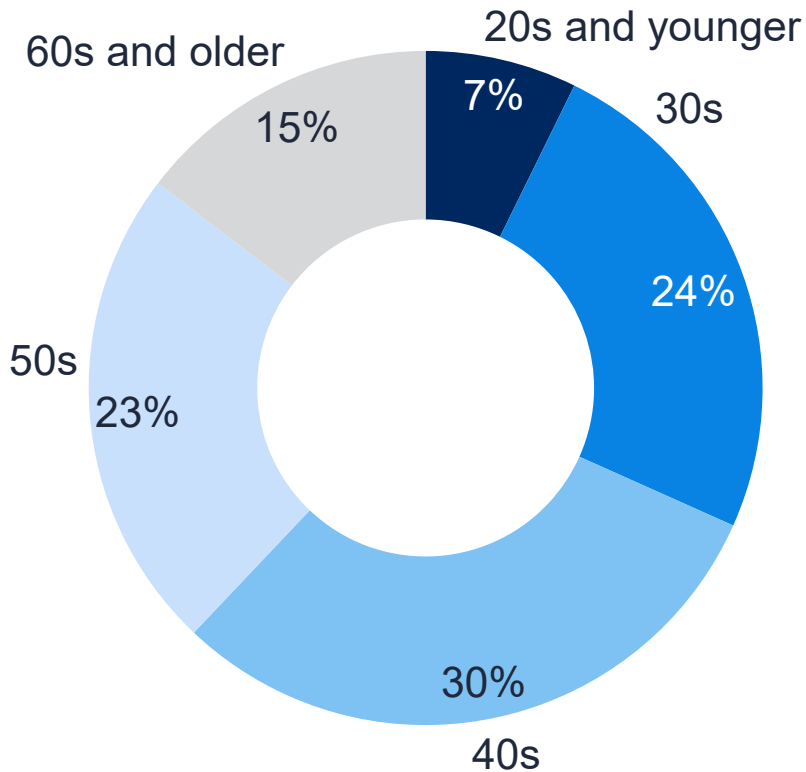


Approx. 282K participants<sup>1</sup>

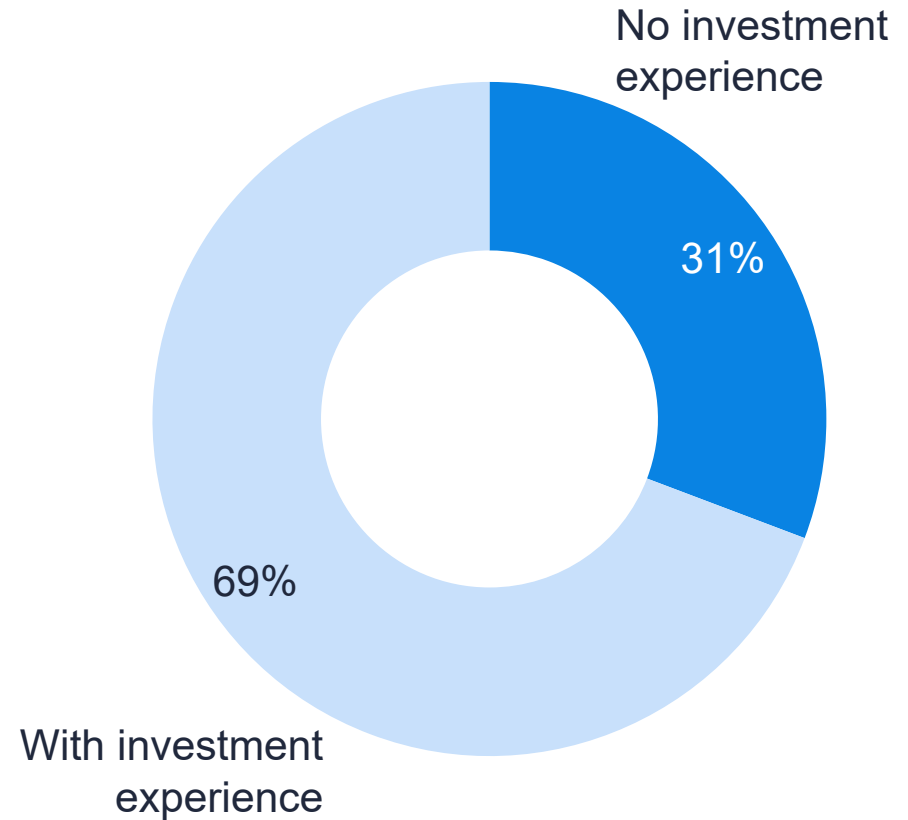
<sup>1</sup> Participants in our webinar from April 2020 to December 2022

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

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



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



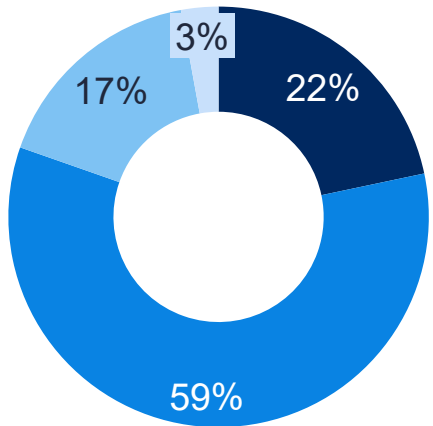
<sup>1</sup> % of account holders by age as of December 31, 2022 (rounded to the nearest whole number)

<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 December 31, 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 satisfaction<sup>1</sup>

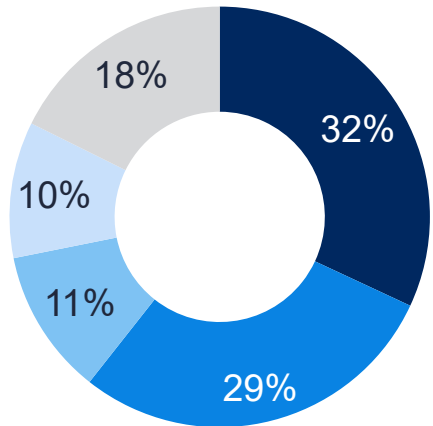
•81% of users are satisfied with WealthNavi



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

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

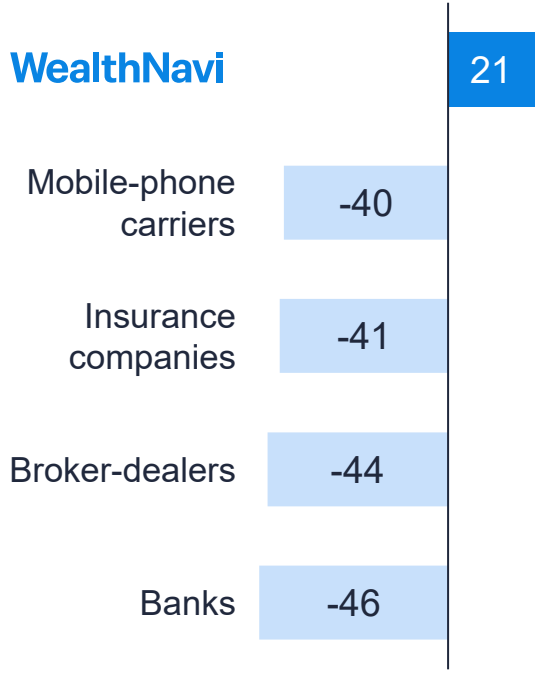
•61% intend to use for 10 years or more



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

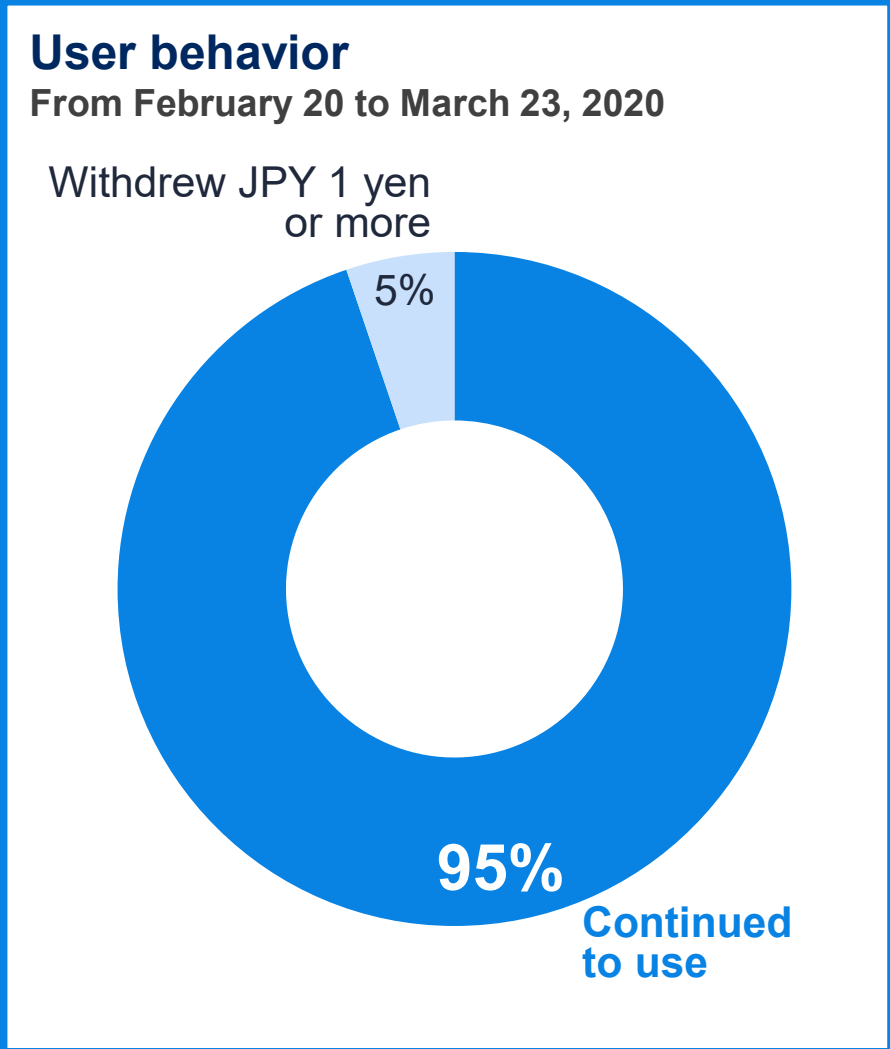
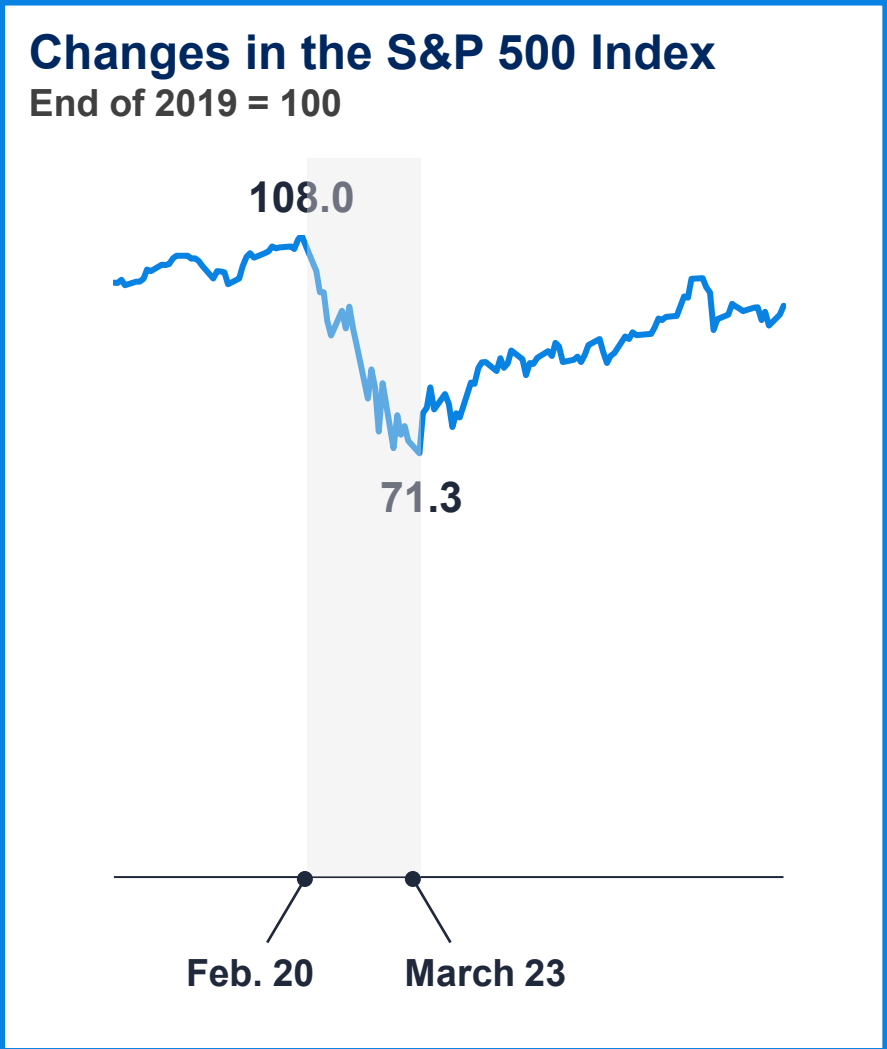
## NPS<sup>3</sup>

•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 January 2023  
<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 January 2023. 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 January 2022 to December 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

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

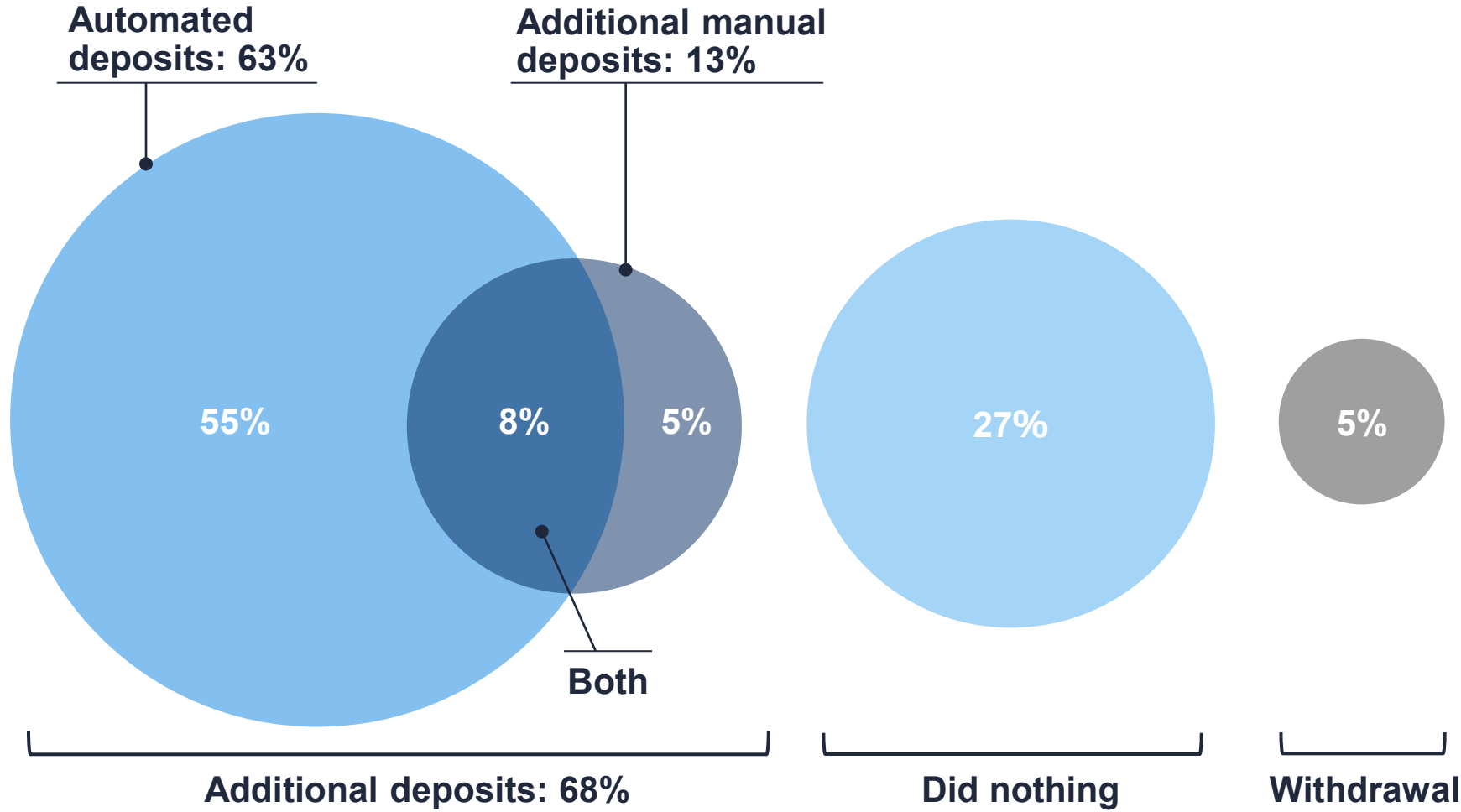


1 "Continue to use" means that there is an ETF balance on the first day of the above period and there is no withdrawal (1 yen or more) in part or in whole during the period

# 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**

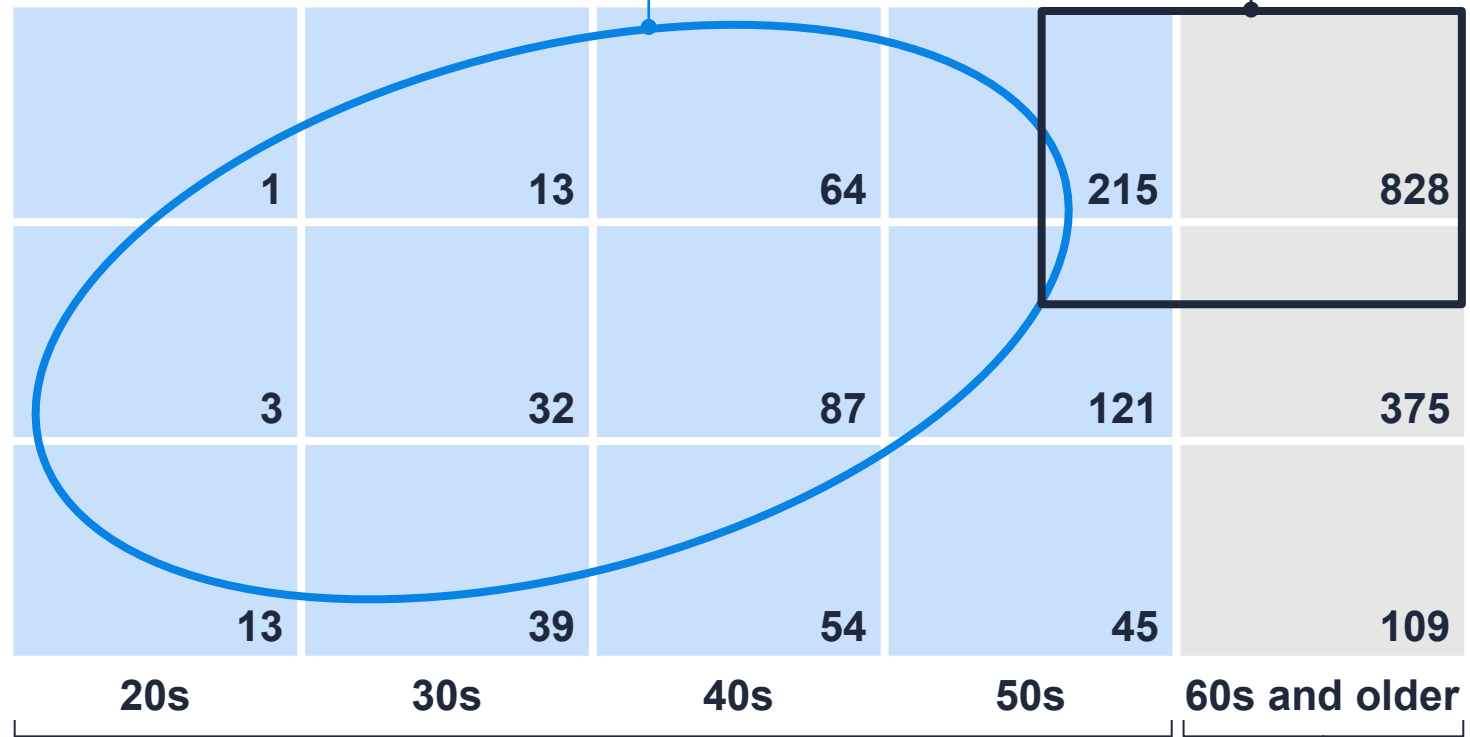
**Primary target group of face-to-face channels for incumbent banks and securities**

XX Financial assets  
JPY trillions

**JPY 30M or more**

**JPY 10-30M**

**Less than JPY 10M**

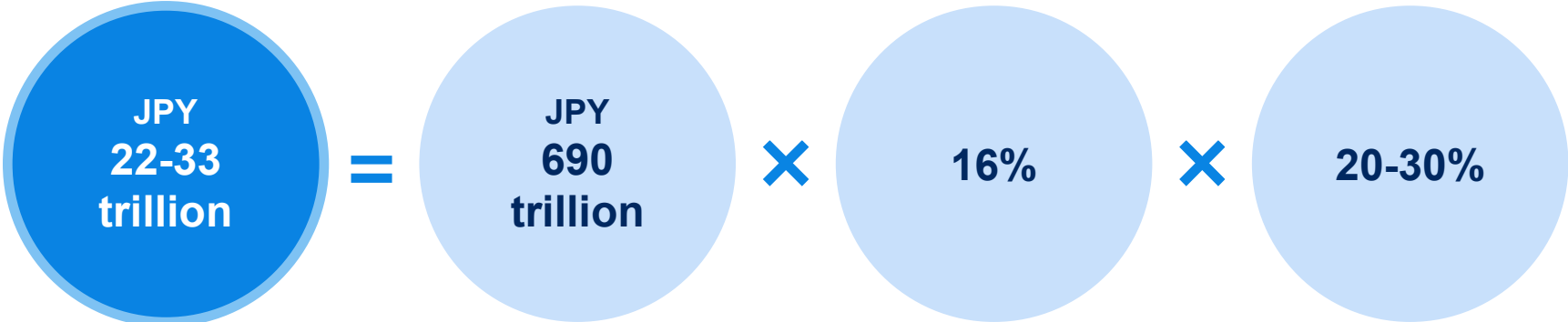


**Approx. JPY 690T**

**Approx. JPY 1,310T**

Source: WealthNavi analysis based on the Bank of Japan's "Japan's Flow of Funds Accounts, 3rd quarter of 2022", the Ministry of Internal Affairs and Communications' "Population, demographic statistics and household numbers based on the Basic Resident Registration, January 2022," and the Ministry of Internal Affairs and Communications' "Household Survey, March 2016"

# Robo-advisors' potential market estimated to be JPY 22-33 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)

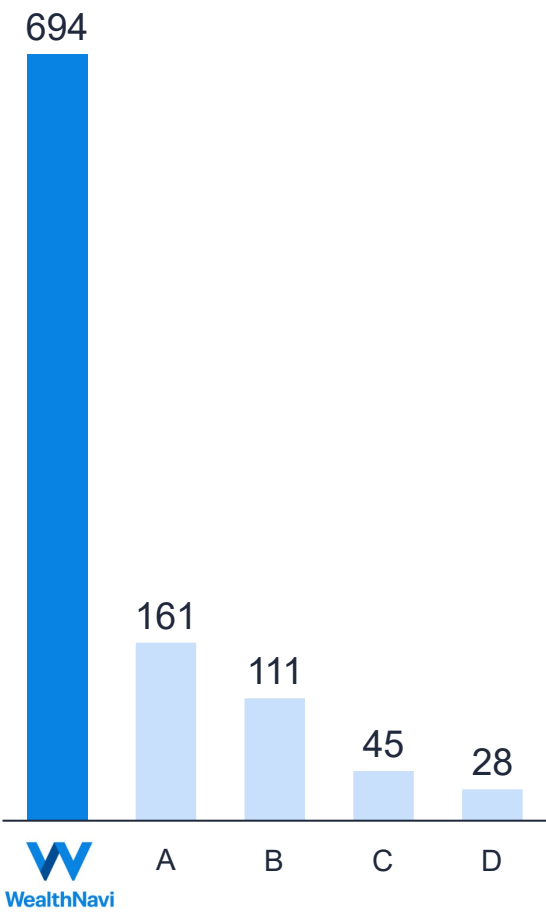
Assuming the deposit ratio of household financial assets will fall to the level of Germany (55%→39%) over the next 10 years

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

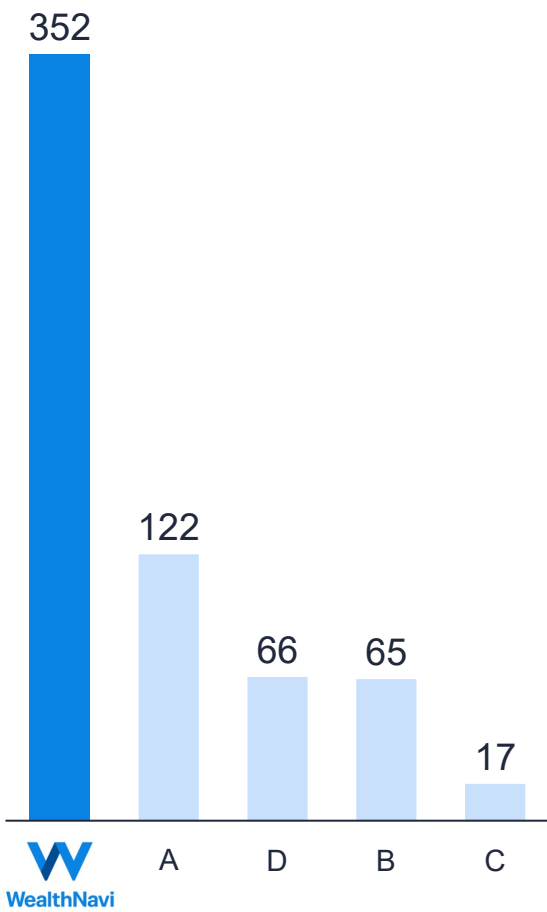
Source: WealthNavi analysis based on the Bank of Japan's "Japan's Flow of Funds Accounts, 3rd quarter of 2022", the Ministry of Internal Affairs and Communications' "Population, demographic statistics and household numbers based on the Basic Resident Registration, January 2021", the Ministry of Internal Affairs and Communications' "Household Survey, March 2016," and OECD's "Household financial assets" as of the end of 2021

# WealthNavi is the leading robo-advisor in Japan

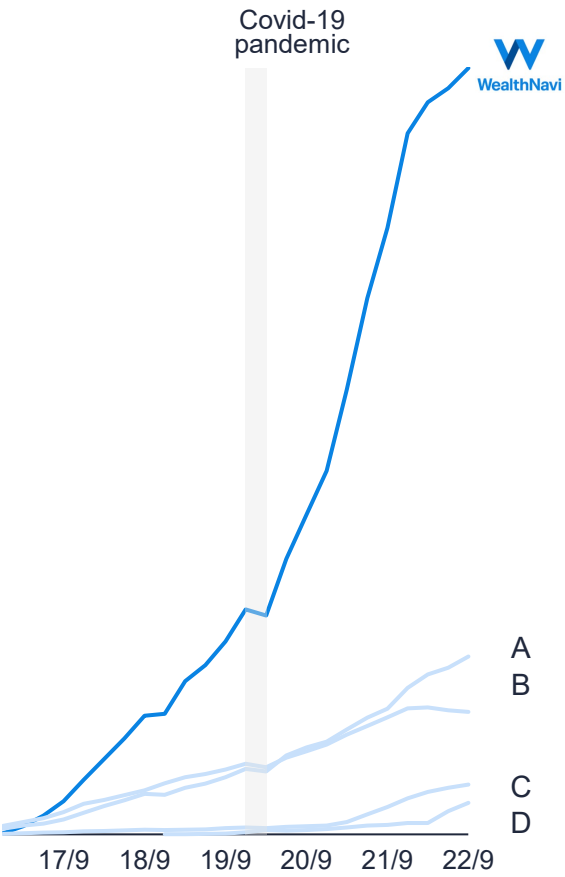
**AuM**  
JPY billions; Sep. 2022



**Number of users**  
Thousands; Sep. 2022



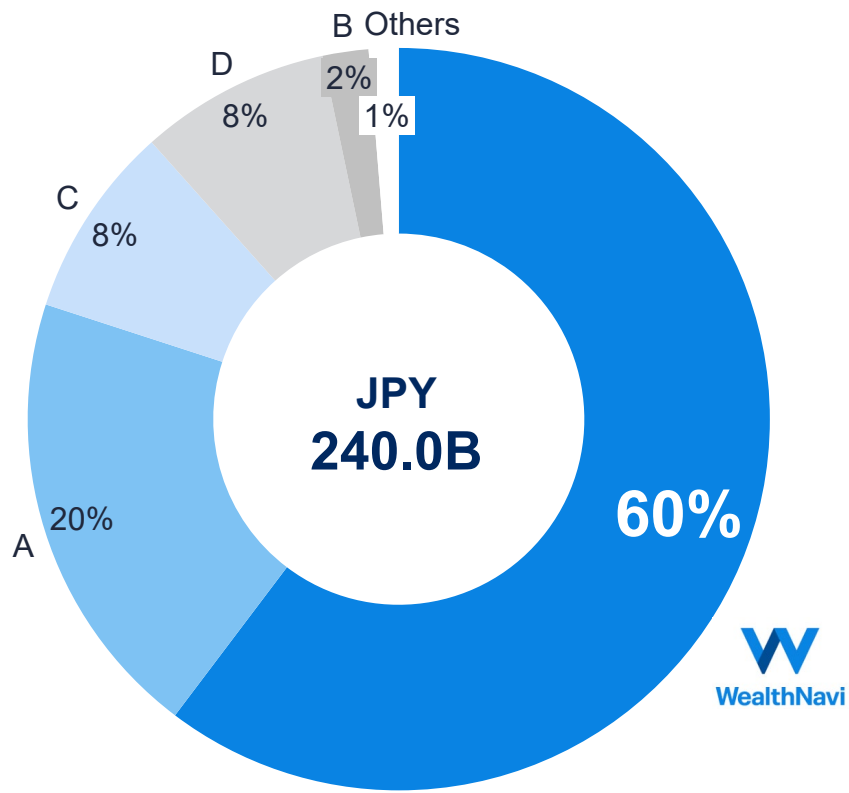
**AuM trend**  
Dec. 2016 to Sep. 2022



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

# Distinct market leader – with 60% of total AuM growth of robo-advisors over a 12-month period

Increase in AuM of domestic robo-advisors  
Sep. 2021 to Sep. 2022



WealthNavi accounts for 60% of the total AuM growth of robo-advisors over a 12-month period to Sep. 2022

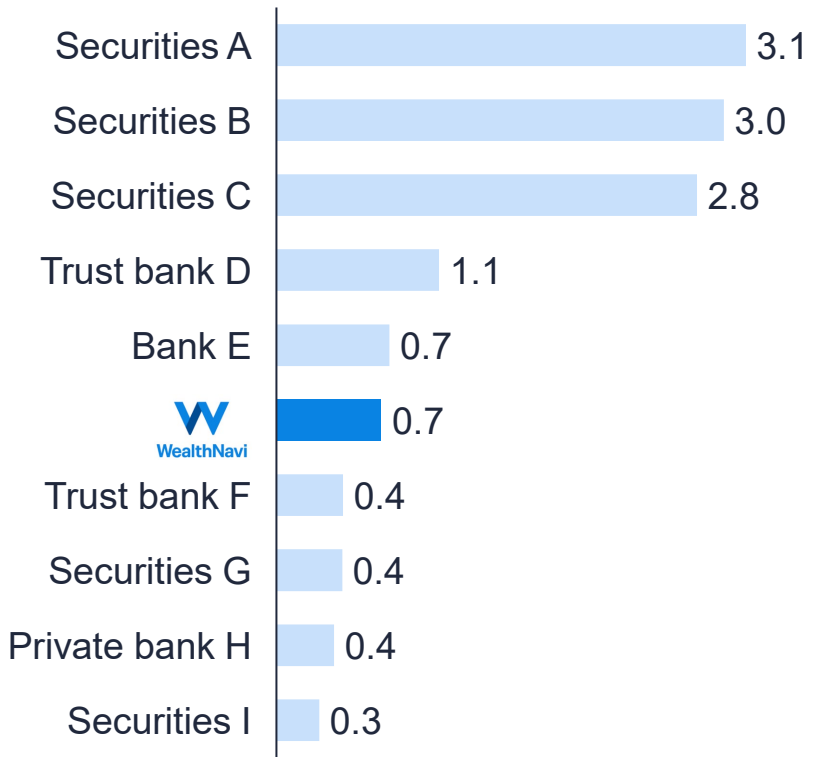
Source: WealthNavi analysis based on Japan Investment Advisers Association's "Contract Asset Status, December 2022". AuM of Company A, B, C, D and other companies include those under "discretionary investment business."

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

Top 10 managed account services in Japan ranked by AuM

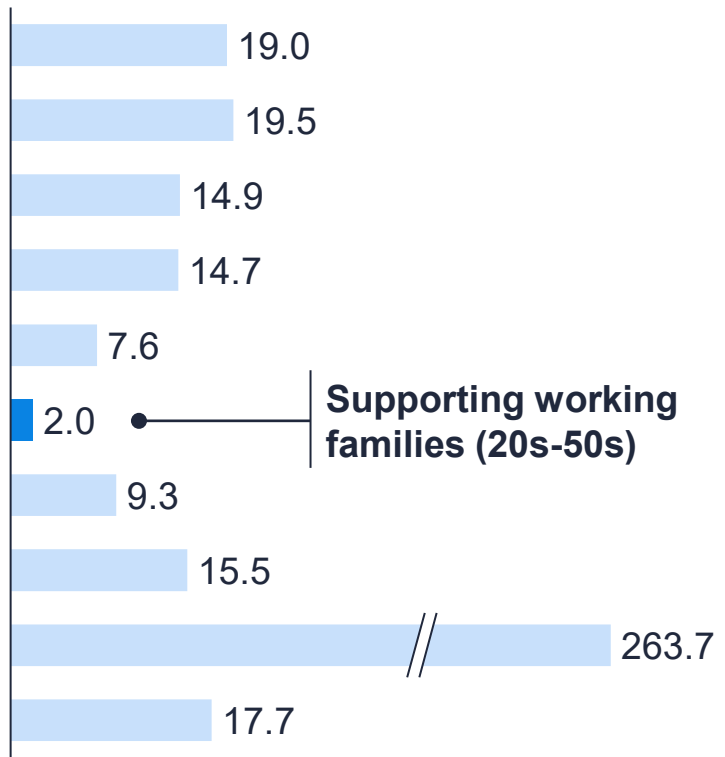
## AuM

JPY trillions; Sep 2022



## AuM per user

JPY millions; Sep 2022

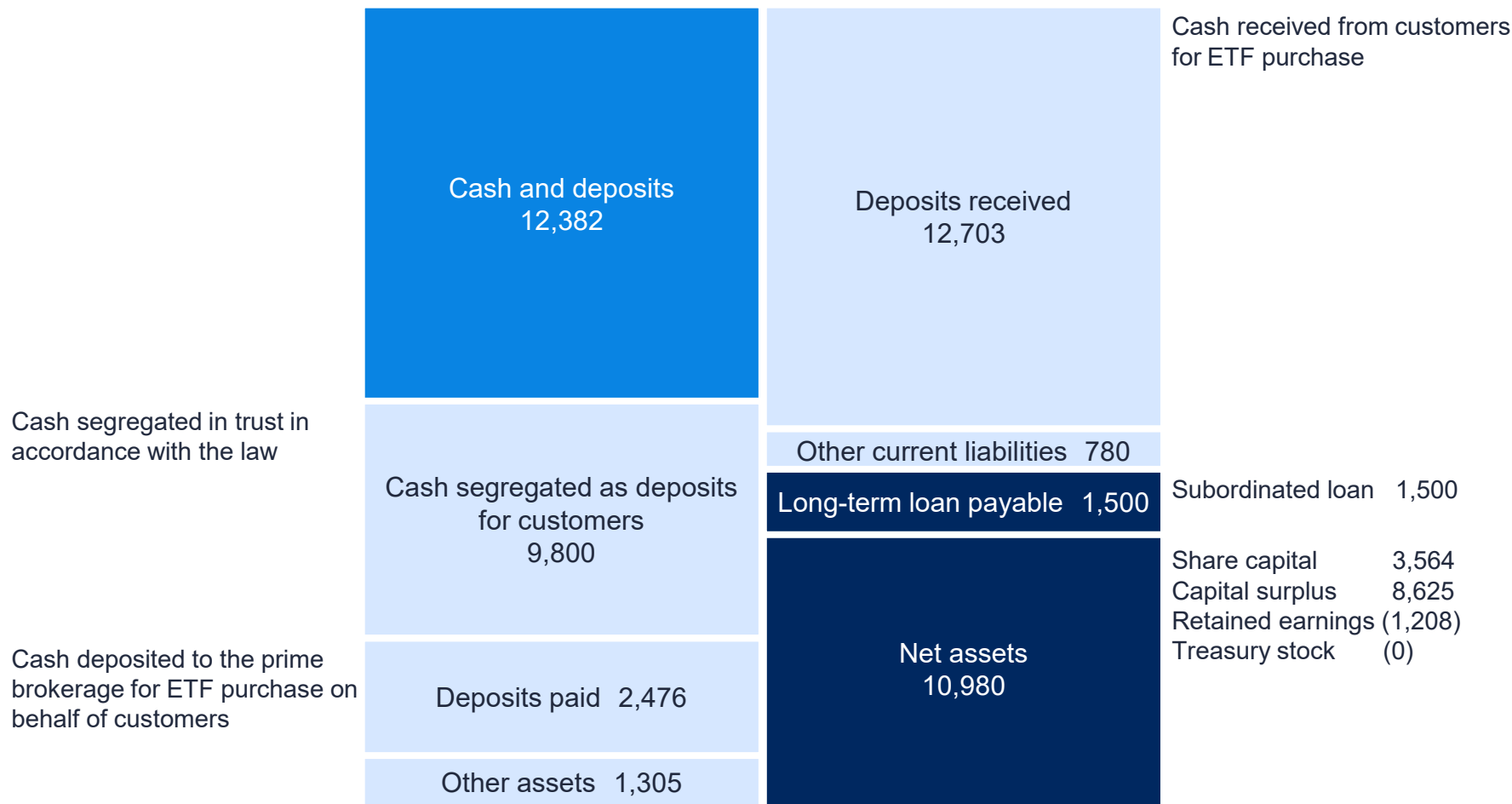


Source: WealthNavi analysis based on websites of the companies listed as "wrap account" managers on Japan Investment Advisers Association, "Contract Asset Status, December 2022"

# Maintaining strong balance sheets for growth

## Balance sheets

FY2022; JPY millions



# Balance sheets and cash flows

## Balance sheets JPY millions

	FY2020	FY2021	FY2022
Current assets	15,117	27,129	25,474
Cash and bank deposits	8,613	10,039	12,382
Cash segregated as deposits	4,610	9,000	9,800
Deposits paid	1,525	7,461	2,476
Other current assets	367	627	815
Non-current assets	261	247	489
<b>Total assets</b>	<b>15,378</b>	<b>27,377</b>	<b>25,964</b>
Current liabilities	8,461	15,839	13,483
Deposits received	7,075	15,149	12,703
Current portion of convertible bond-type bonds with share acquisition	1,000	-	-
Other current liabilities	386	689	780
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>14,984</b>
Share capital	1,429	3,237	3,564
Capital surplus	6,490	8,298	8,625
Retained earnings	(1,003)	(1,498)	(1,208)
Treasury stock	-	(0)	(0)
<b>Total net assets</b>	<b>6,916</b>	<b>10,037</b>	<b>10,980</b>

Note: Fractions of one million yen are rounded down

## Statement of cash flows JPY millions

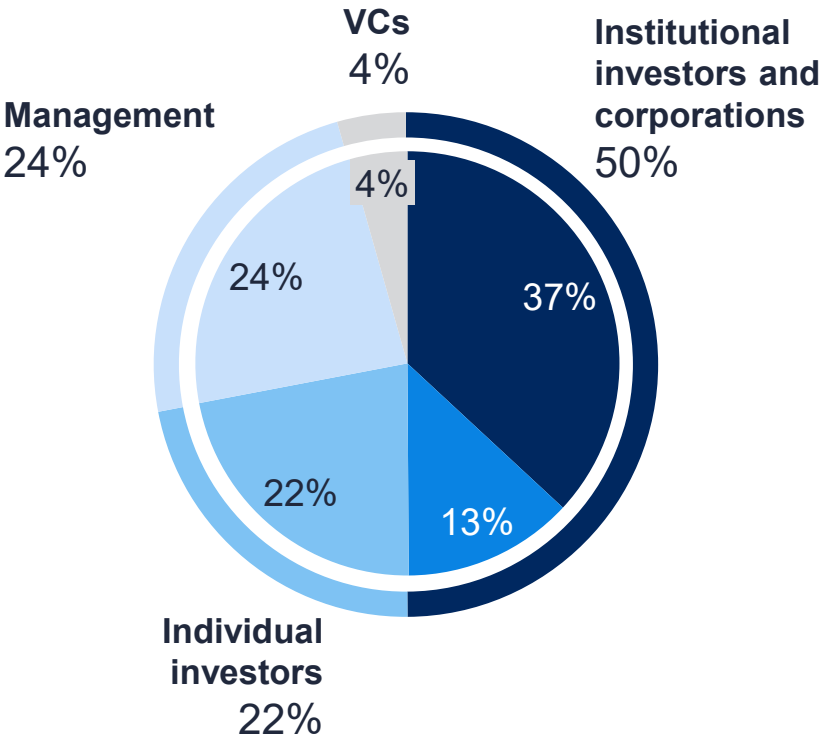
	FY2020	FY2021	FY2022
Cash generated by/(used in) operating activities	(939)	3,384	(3,117)
Cash generated by/(used in) investing activities	(76)	(23)	(207)
Cash generated by financing activities	2,642	4,052	616
Effect of exchange rate changes on cash and cash equivalents	(12)	(1)	65
Net increase in cash and cash equivalents	1,613	7,411	(2,642)
Cash and cash equivalents at beginning of period	8,475	10,089	17,501
<b>Cash and cash equivalents at end of period</b>	<b>10,089</b>	<b>17,501</b>	<b>14,858</b>

## Details of operating cash flows

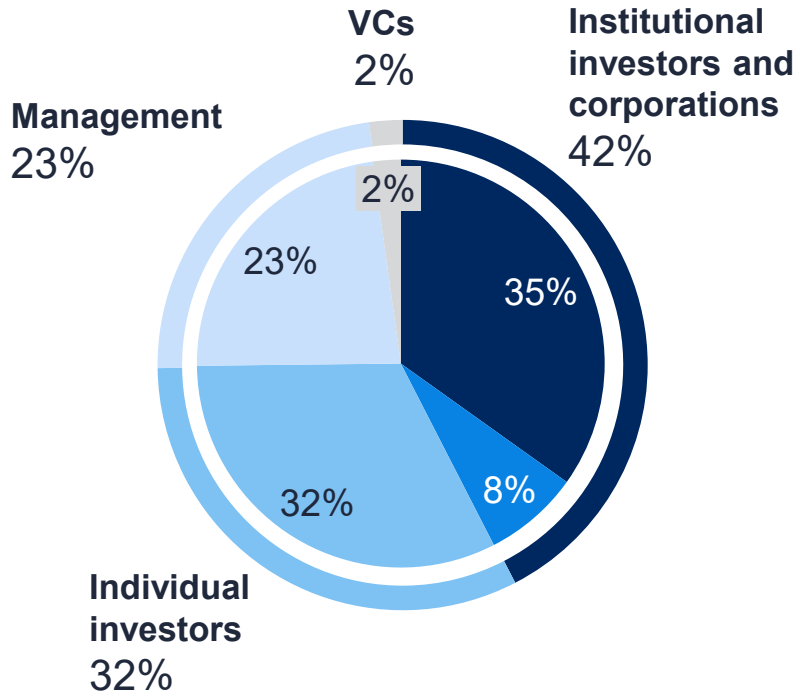
<b>Cash generated by/(used in) operating activities</b>	<b>(939)</b>	<b>3,384</b>	<b>(3,117)</b>
-) Decrease / (increase) in cash segregated as deposits for customers	(1,100)	(4,390)	(800)
-) Increase / (decrease) in deposits received	904	8,074	(2,446)
<b>Cash generated by/(used in) operating activities adjusted by items relating to cash deposited by customers</b>	<b>(744)</b>	<b>(300)</b>	<b>129</b>

# Ownership of individual investors increased

As of December 31, 2021



As of December 31, 2022



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



# Update on investment of the funds raised in December 2021


- The funds raised in December 2021 were invested and are to be invested as follows

Use of proceeds	Amount raised	Used in FY2022	Plan to use in FY2023
<p><b>1. Advertising expenses to acquire new customers</b></p> <p>Improving brand awareness and promoting our services, including the robo-advisor “WealthNavi” and “Robo-NISA”</p>	JPY 2,441 million	JPY1,200 million	JPY 1,241 million
<p><b>2. Recruitment and personnel expenses for business expansion</b></p> <p>Hiring such talents as follows.</p> <ul style="list-style-type: none"> <li>Engineers to develop new services and additional functions for the robo-advisor “WealthNavi”</li> <li>Sales and marketing personnel to acquire new customers and to expand alliance partners, in order to expand our business</li> </ul>	JPY 431 million	JPY 200 million	JPY 231million

Note: There is no change in the use of proceeds and amount as of February 10, 2022

# 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"> <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>	  

# 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>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	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><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.”

# Business risks and mitigations (3)

Business risks	Probability	Impact	Mitigations
<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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Going forward, the Company is to update “Our Business Plans and Growth Opportunities” at the time of its full-year earnings announcement in February. The contents are subject to necessary and adequate revision considering internal and external environment, need for disclosure or other various factors.

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