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**Summary of Non-consolidated Financial Results  
for the Six Months Ended June 30, 2023  
[Japanese GAAP]**



August 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 file quarterly Securities Report: August 10, 2023  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

**1. Non-consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)**

**(1) Non-consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2023	3,710	20.0	3,687	20.2	188	523.5	188	439.8	157	375.8
June 30, 2022	3,092	58.2	3,069	57.8	30	-	34	-	33	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	3.22	3.15
June 30, 2022	0.70	0.66

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio
As of	million yen	million yen	%
June 30, 2023	27,743	11,637	41.9
December 31, 2022	25,964	10,980	42.3

(Reference) Equity: As of June 30, 2023 11,637 million yen  
 As of December 31, 2022 10,980 million yen

**2. Cash dividends**

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2023	-	0.00			
Fiscal year ending December 31, 2023 (Forecast)			-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit	
	million yen	%	million yen	%
Fiscal year ending December 31, 2023	7,717	17.4	216	2.9

Note 1. Revisions to the earnings forecast most recently announced: None

\* Notes

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: Yes

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

(i) Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

(3) Number of shares issued (common shares)

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

As of June 30, 2023 49,037,955 shares

As of December 31, 2022 48,377,671 shares

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

As of June 30, 2023 835 shares

As of December 31, 2022 835 shares

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

Six months ended June 30, 2023 48,802,701 shares

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

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

The forward-looking statements such as earnings forecasts 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 from the forecast due to various factors. For information regarding assumptions upon which the Company’s results forecasts are based and notes regarding the use of forecasts, please refer to Attached Materials on page 3 “1. Qualitative information regarding quarterly results (4) Explanation of non-consolidated forecasts and forward-looking statements.”

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## 1. Qualitative information regarding quarterly results

### (1) Explanation of operating results

During the first half of the current fiscal year, there was a continuing concern over the downturn in the global economy due to inflation and quantitative tightening by central banks. The domestic economy continued to recover as a result of reopening, but it also remained uncertain due to the inflationary pressure as well as yen volatility driven by a possible change in global monetary policy.

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

Regarding the functionality expansion of “WealthNavi,” the Company started offering “Robo-NISA” to customers at the age of 18 and 19 years old in response to the revision to Japan’s Civil Code to lower the legal age of adulthood from 20 to 18. It also lowered the minimum investment threshold from 100,000 yen to 10,000 yen in order to set the bar low for initial investment for direct users in February and for a part of alliance users in April. In addition, it enabled new users to start using “WealthNavi” with the recurring deposit plan in April. Furthermore, it started offering “Robo-NISA” to users of “TAIKO Navi” in April, and it enabled “WealthNavi for AEON Bank” users to make automated deposits by AEON Cards in June.

The Company also enhanced its business activities with new alliance partners. It launched “WealthNavi for ORIX Bank” in February and “WealthNavi for Toho Bank” in April.

As for the advertising activities, the Company has launched a new TV commercial starring Sawako Fujima in June aiming to improve brand awareness as well as to reach more potential customers who consider starting wealth management. The Company also resumed in-person seminars in addition to regular online seminars.

As a result, as of June 30, 2023, there were 370 thousand users (increased from 343 thousand users from a year ago) and assets under management totaled 889.3 billion yen (increased from 675.4 billion yen a year ago).

Consequently, for the six months ended June 30, 2023, the operating revenue was 3,710 million yen (up 20.0% year-over-year), and the net operating revenue after deducting financial expenses of 22 million yen from the total operating revenue was 3,687 million yen (up 20.2% year-over-year). The selling, general, and administrative expenses were 3,499 million yen (up 15.1% year-over-year), resulting in an operating profit excluding advertising expenses of 1,451 million yen (up 38.8% year-over-year), an operating profit of 188 million yen (up 523.5% year-over-year), an ordinary profit of 188 million yen (up 439.8% year-over-year), and a quarterly net profit of 157 million yen (up 375.8% year-over-year).

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

### (2) Explanation of financial position

#### (Assets)

Total assets as of June 30, 2023 were 27,743 million yen, increased by 1,779 million from the end of the previous fiscal year. This was mainly due to the increase in cash and deposits by 1,808 million yen through deposits from customers and stock option execution.

#### (Liabilities)

Total liabilities as of June 30, 2023 were 16,106 million yen, increased by 1,122 million yen from the end of the previous fiscal year. This was mainly due to the increase in deposits received from customers by 1,305 million yen.

#### (Net assets)

Total net assets as of June 30, 2023 were 11,637 million yen, increased by 656 million yen. This was mainly caused by an increase in share capital of 249 million yen and an increase in legal capital surplus of 249 million yen due to shares issued upon the exercise of stock options and restricted shares and an increase in retained earnings of 157 million yen due to the recording of a quarterly net profit.

### (3) Explanation of cash flow

Cash and cash equivalents (hereinafter, “net cash”) as of June 30, 2023 totaled 16,278 million yen, an increase of 1,419 million from the end of the previous fiscal year.

Cash flows and sources thereof during the six months period ending June 30, 2023 were as follows.

#### (Cash flows from operating activities)

Net cash generated in operating activities was 1,061 million yen (3,014 million yen used in the first half of the previous year). This is mainly due to the increase in deposits received by 1,305 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 75 million yen (157 million yen used in the first half of the previous year). This is mainly due to purchase for intangible assets by 42 million yen.

#### (Cash flows from financing activities)

Net cash generated by financing activities was 413 million yen (270 million yen generated in the first half of the previous year). This is due to 413 million yen in proceeds from issuance of new shares upon the exercise of stock options.

### (4) Explanation of non-consolidated earnings forecast and other forward-looking statements

There is no change to the earnings forecast for the year-ending December 31, 2023 announced on May 12, 2023.

## 2. Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheets

(Units: Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,382,566	14,190,919
Cash segregated as deposits	9,800,000	9,900,000
Cash segregated as deposits for customers	9,800,000	9,900,000
Trading products	144	170
Trade date accrual	387	391
Advances paid	2,184	1,827
Advance payments	4,000	4,000
Prepaid expenses	159,777	284,535
Accounts receivable - other	6,197	4,479
Accrued income	642,424	724,552
Deposits paid	2,476,107	2,087,135
Other current assets	542	785
<b>Total current assets</b>	<b>25,474,331</b>	<b>27,198,798</b>
Noncurrent assets		
Property, plant, and equipment		
Buildings	145,043	145,555
Equipment	91,387	94,403
Accumulated depreciation	(132,710)	(145,811)
<b>Total property, plant, and equipment</b>	<b>103,720</b>	<b>94,147</b>
Intangible assets		
Software	82,884	115,697
Software in progress	14,768	12,649
Trademark right	800	725
<b>Total intangible assets</b>	<b>98,452</b>	<b>129,072</b>
Investments and other assets		
Lease and guarantee deposits	140,587	140,587
Long-term prepaid expenses	28,283	62,078
Deferred tax assets	118,877	118,877
<b>Total investments and other assets</b>	<b>287,748</b>	<b>321,543</b>
<b>Total noncurrent assets</b>	<b>489,921</b>	<b>544,762</b>
<b>Total assets</b>	<b>25,964,253</b>	<b>27,743,560</b>

(Units: Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Deposits received	12,703,639	14,009,428
Accounts payable - other	560,626	396,500
Accrued expenses	122,259	124,303
Income taxes payable	97,156	76,310
<b>Total current liabilities</b>	<b>13,483,681</b>	<b>14,606,543</b>
Noncurrent liabilities		
Long-term loans payable	1,500,000	1,500,000
<b>Total noncurrent liabilities</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Total liabilities</b>	<b>14,983,681</b>	<b>16,106,543</b>
Net assets		
Shareholders' equity		
Share capital	3,564,603	3,814,144
Capital surplus		
Legal capital surplus	8,579,368	8,828,909
Other capital surplus	45,690	45,690
<b>Total capital surplus</b>	<b>8,625,058</b>	<b>8,874,600</b>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,208,980)	(1,051,616)
<b>Total retained earnings</b>	<b>(1,208,980)</b>	<b>(1,051,616)</b>
Treasury shares	(110)	(110)
<b>Total shareholders' equity</b>	<b>10,980,571</b>	<b>11,637,017</b>
<b>Total net assets</b>	<b>10,980,571</b>	<b>11,637,017</b>
<b>Total liabilities and net assets</b>	<b>25,964,253</b>	<b>27,743,560</b>

## (2) Quarterly statement of income

(Units: Thousands of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Operating revenue		
Fee received	3,024,102	3,673,647
Net trading income	57,063	18,024
Financial revenue	1,113	5,383
Other operating revenue	10,200	13,013
Total operating revenue	3,092,479	3,710,068
Financial expenses	23,227	22,164
Net operating revenue	3,069,252	3,687,903
Selling, general, and administrative expenses		
Trading-related expenses	1,804,470	1,938,444
Personnel expenses	693,247	893,065
Real estate expenses	158,831	182,771
Office expenses	214,692	254,259
Depreciation	34,906	40,099
Taxes and dues	44,135	49,325
Other	88,702	141,219
Total selling, general, and administrative expenses	3,038,986	3,499,184
Operating profit or loss	30,265	188,718
Non-operating income	6,023	1,939
Non-operating expenses		
Stock issuance expenses	1,065	1,773
Other	253	117
Total non-operating expenses	1,319	1,891
Ordinary profit	34,970	188,767
Profit before income taxes	34,970	188,767
Total income taxes	1,900	31,404
Profit	33,070	157,363



## (3) Quarterly statement of cash flows

(Units: Thousands of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Loss before income taxes	34,970	188,767
Depreciation	34,906	40,099
Share-based remuneration expenses	7,596	19,723
Loss on disposal of non-current assets	-	117
Decrease (increase) in cash segregated as deposits for customers	400,000	(100,000)
Decrease (increase) in trade date accrual	(3,435)	(4)
Interest and dividend income	(1,113)	(5,383)
Interest expenses	23,227	22,164
Decrease (increase) in advance payments	(2,282)	-
Decrease (increase) in prepaid expenses	(61,495)	(83,833)
Decrease (increase) in accounts receivable - other	(394)	1,162
Decrease (increase) in accrued income	(40,946)	(82,128)
Increase (decrease) in deposits received	(3,229,191)	1,305,789
Increase (decrease) in accounts payable - other	(121,768)	(165,829)
Increase (decrease) in accrued expenses	5,461	2,066
Other, net	(33,034)	(21,685)
Subtotal	(2,987,501)	1,121,027
Interest and dividend income received	509	5,919
Interest expenses paid	(23,609)	(22,187)
Income taxes paid	(3,800)	(43,455)
Net cash provided by (used in) operating activities	(3,014,401)	1,061,303
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(83,491)	(17,536)
Purchase of intangible assets	(31,020)	(42,024)
Payments for lease and guarantee deposits	(43,261)	-
Other, net	-	(16,203)
Net cash provided by (used in) investing activities	(157,774)	(75,763)
<b>Cash flows from financing activities</b>		
Proceeds from share issuance	270,481	413,820
Other, net	(93)	-
Net cash provided by (used in) financing activities	270,387	413,820
Effect of exchange rate change on cash and cash equivalents	34,734	20,020
Net increase (decrease) in cash and cash equivalents	(2,867,053)	1,419,381
Cash and cash equivalents at beginning of period	17,501,412	14,858,673
Cash and cash equivalents at end of period	14,634,358	16,278,055

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

(Notes on premise of ongoing concern)

Not applicable.

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

Not applicable.

(Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements)

(Calculation of tax expenses)

The Company has calculated tax expenses by multiplying quarterly net profit before income taxes by the estimated effective tax rate. The tax rate is reasonably estimated with consideration of tax effect accounting for the full year net profit before income taxes. In case the estimated effective tax rate is significantly unreasonable, the Company calculates tax expenses using the statutory tax rate.

(Changes in accounting policies)

(Change in the calculation method for tax expenses)

The Company used to calculate tax expenses using the same method as that used for the year-end closing. The Company changed the calculation method for tax expenses in this quarter in order to make its quarterly closing process timely and efficient. The newly adopted method is multiplying quarterly net profit before income taxes by the estimated effective tax rate. The tax rate is reasonably estimated with consideration of tax effect accounting for the full year net profit before income taxes.

The Company does not apply the change retrospectively, as the impact on the quarterly non-consolidated financial statements is immaterial.

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021, hereinafter the "Implementation Guidance") 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 27-2 of the Implementation Guidance. This change in accounting policies has no impact on the quarterly non-consolidated financial statements.

(Significant subsequent events)

(Extraordinary losses associated with trading losses)

The Company expects to record JPY 95 million of extraordinary losses associated with trading losses for the third quarter of FY2023.

The excess buy orders were executed on July 5, which included the unexecuted buy orders placed on July 3 when stock markets closed early in the U.S., and the excess position was booked on the Company's account. The trading losses were mainly incurred with the adverse market movements in the process of unwinding the position.