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## Summary of Non-consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]



August 9, 2024

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 interim Securities Report: August 9, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary materials on financial results: Yes  
 Holding of 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, 2024 (from January 1, 2024 to June 30, 2024)

#### (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, 2024	5,223	40.8	5,195	40.9	354	88.1	121	(35.7)	99	(36.6)
June 30, 2023	3,710	20.0	3,687	20.2	188	523.5	188	439.8	157	375.8

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2024	1.79	1.76
June 30, 2023	3.22	3.15

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

	Total assets	Net assets	Equity-to-asset ratio
As of	million yen	million yen	%
June 30, 2024	48,774	28,381	58.2
December 31, 2023	32,237	12,158	37.7

(Reference) Equity: As of June 30, 2024 28,381 million yen As of December 31, 2023 12,158 million yen

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2024	-	0.00			
Fiscal year ending December 31, 2024 (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, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit	
	million yen	%	million yen	%
Fiscal year ending December 31, 2024	11,187	37.0	531	1.4

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

\* Notes

(1) Adoption of accounting treatment specific to the preparation of interim 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.: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(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, 2024 59,226,423 shares

As of December 31, 2023 49,490,339 shares

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

As of June 30, 2024 10,727 shares

As of December 31, 2023 5,598 shares

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

Six months ended June 30, 2024 55,797,859 shares

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

\* Interim financial results reports are exempt from 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. Financial results and position (4) Explanation of non-consolidated forecasts and forward-looking statements."

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## 1. Financial results and position

### (1) Explanation of financial results

During the first half of the current fiscal year, the global economy sustained steady growth despite a tightening cycle of the global monetary policy. In Japan, the domestic economy has shown a gradual improvement trend overall due to wage hikes, robust corporate earnings and an increase in demand from foreign visitors, but a slowdown in personal consumption has been observed due to inflationary pressures, primarily caused by 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. It has also engaged in advertising activities including TV promotions, planning, development and provision of new businesses, hiring talent to drive its business, and enhancing security measures.

Regarding the robo-advisor “WealthNavi,” the Company announced that assets under management reached 1 trillion yen as of January 11, 2024, and reached 1.2 trillion yen as of May 10, 2024. Since its foundation in 2015, it had targeted 1 trillion yen in assets under management as its milestone to support more working families with its financial services, which are easy to use, safe, and reliable. As for the functionality expansion of “WealthNavi,” it launched New “Robo-NISA” in January in full alignment with the new NISA program. The Company continues to help working families build wealth by building and maintaining a long-term, globally diversified portfolio.

The Company enhanced the advertising activities including TV promotions and digital advertisement to improve brand awareness to reach more potential customers who consider starting wealth management. The Company unveiled a new YouTube channel with a message “Money Basics for Beginners” in March and continues to provide various financial information to encourage financial literacy of working families so that they can be more confident in wealth management.

The Company has entered into an agreement on capital and business alliance with MUFG Bank, Ltd. (MUFG Bank) in February. The Company and MUFG Bank will, combine the strengths of both parties to accelerate supports for working families to build wealth and to offer services tailored to each customer over the medium- to long-term, with the aim of contributing to Japanese individuals’ sound asset building. Specifically, in addition to strengthening their existing collaboration in the robo-advisor business including “Robo-NISA,” and the Company and MUFG Bank are working together to develop and provide the Money Advisory Platform, including services related to not only asset management but also others, such as life insurance, pensions, housing loans, and financial education.

As a result, as of June 30, 2024, there were 408 thousand users (increased from 370 thousand users from a year ago) and assets under management totaled 1,276.6 billion yen (increased from 889.3 billion yen a year ago).

In addition to robo-advisor, the Company launched an online insurance advisory service which assists its users to select and review life insurance products in May 2024. The Company will advise when and which insurance users should subscribe, considering the life stages and financial conditions. The Company helps working families manage financial risks holistically by combining life insurance and NISA investments. The Company initially provides the new insurance advisory service to the existing users of “WealthNavi,” and then to a wider range of users.

Moreover, Rakuten Securities, Inc. started offering “WealthNavi R” in May 2024. The Company, Rakuten Securities and Rakuten Investment Management, Inc. jointly created “WealthNavi R” to provide Rakuten Securities users investment and investment advisory services replicating “WealthNavi” with a mutual fund scheme.

Consequently, for the six months ended June 30, 2024, the operating revenue was 5,223 million yen (up 40.8% year-over-year), and the net operating revenue after deducting financial expenses of 28 million yen from the total operating revenue was 5,195 million yen (up 40.9% year-over-year). The selling, general, and administrative expenses were 4,840 million yen (up 38.3% year-over-year), resulting in an operating profit excluding advertising expenses of 1,987 million yen (up 36.9% year-over-year), an operating profit of 354 million yen (up 88.1% year-over-year), an ordinary profit of 121 million yen (down 35.7% year-over-year), and a quarterly net profit of 99 million yen (down 36.6% 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, 2024 were 48,774 million yen, increased by 16,537 million from the end of the previous fiscal year.

This was caused by an increase in cash and deposits by 15,503 million yen mainly due to third-party allotment of shares allocated to MUFG Bank.

(Liabilities)

Total liabilities as of June 30, 2024 were 20,393 million yen, increased by 313 million yen from the end of the previous fiscal year. This was caused by an increase in deposits received by 339 million yen mainly due to an increase in dividends from foreign securities (ETFs).

(Net assets)

Total net assets as of June 30, 2024 were 28,381 million yen, increased by 16,223 million yen. This was caused by an increase in share capital of 8,057 million yen and an increase in legal capital surplus of 8,057 million yen mainly due to third-party allotment of shares allocated to MUFG Bank.

### (3) Explanation of cash flow

Cash and cash equivalents (hereinafter, “net cash”) as of June 30, 2024 totaled 36,087 million yen, an increase of 17,943 million from the end of the previous fiscal year.

Cash flows and sources thereof during the six months period ending June 30, 2024 were as follows.

(Cash flows from operating activities)

Net cash generated in operating activities was 2,399 million yen (1,061 million yen generated in the first half of the previous year). This is mainly due to the decrease in cash segregated as deposits from customers by 2,100 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 249 million yen (75 million yen used in the first half of the previous year). This is mainly due to payment for long-term prepaid expenses by 109 million yen.

(Cash flows from financing activities)

Net cash generated by financing activities was 15,772 million yen (413 million yen generated in the first half of the previous year). This is caused by 15,772 million yen in proceeds mainly due to third-party allotment of shares allocated to MUFG Bank.

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

The goal of the Company is to maximize mid to long-term free cash flow. To this end, it continues to invest in the robo-advisor service and new services proactively to fully realize its growth potential.

For the robo-advisor service, it will invest in the development of the MAP and new services as well as in IT infrastructure to enable future rapid growth. In January 2024, the Company released the new “Robo-NISA” in full alignment with the new NISA program, and it set lower fee level for New NISA accounts to promote New “Robo-NISA.” As a result, the number of “Robo-NISA” users reached 102 thousand and the AuM of “Robo-NISA” had accumulated to 205.3 billion yen by the end of the first half of fiscal year 2024.

The Company enhanced investment in the advertising activities in the fourth quarter of the previous fiscal year and the first quarter of the current fiscal year to promote New NISA. Following the launch of New NISA, the Company returned to an aggressive, yet disciplined approach in the second quarter and will maintain it for the rest of this fiscal year. It continues to work on improving brand awareness to reach more potential customers who consider starting wealth management.

The Company has concluded a Capital and Business Alliance with MUFG Bank, as detailed in “Announcement Regarding Capital and Business Alliance with MUFG Bank, Ltd., Issuance of New Shares through Third-Party Allotment, and Change in Major Shareholder and Other Affiliates” published on February 14, 2024. Under this Capital and Business Alliance, the Company and MUFG Bank join hands in developing and providing the Money Advisory Platform through a combination of MUFG’s wide-ranging

customer base and product lineup and WealthNavi's outstanding capabilities in agile planning and product development. The Company and MUFG Bank aim to make contributions to individuals' sound asset building and pursue the enhancement of both parties' corporate value, and we are currently focusing its management resources to develop the Money Advisory Platform and accelerate hiring by the end of 2024, followed by the latter's release in 2025. In addition, we plan to conduct joint marketing activities to promote the robo-advisor business including "Robo-NISA."

Furthermore, it will allocate resources to new services including the insurance service launched on May 7, 2024, "WealthNavi R" launched on May 13, 2024, and "Wealth Guide" launched on July 22.

Consequently, operating revenue for 2024 is expected to total 11,187 million yen (increase by 37.0% year-over-year), and operating profit is expected to total 531 million yen (increase by 1.4% year-over-year).

## 2. Interim financial statements and significant notes thereto

### (1) Interim balance sheets

(Units: Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	16,387,398	31,890,642
Cash segregated as deposits	12,100,000	10,000,000
Cash segregated as deposits for customers	12,100,000	10,000,000
Trading products	314	385
Trade date accrual	-	63
Advances paid	8,436	8,194
Advance payments	5,100	89,137
Prepaid expenses	204,626	445,838
Accounts receivable - other	7,505	3,681
Accrued income	846,925	1,024,639
Deposits paid	1,756,730	4,197,266
Other current assets	657	832
<b>Total current assets</b>	<b>31,317,694</b>	<b>47,660,683</b>
Noncurrent assets		
Property, plant, and equipment		
Buildings	147,454	147,741
Equipment	113,910	172,592
Accumulated depreciation	(181,420)	(227,833)
<b>Total property, plant, and equipment</b>	<b>79,944</b>	<b>92,500</b>
Intangible assets		
Software	99,423	188,768
Software in progress	97,591	84,077
Trademark right	650	575
<b>Total intangible assets</b>	<b>197,664</b>	<b>273,420</b>
Investments and other assets		
Lease and guarantee deposits	451,792	451,792
Long-term prepaid expenses	50,814	156,675
Deferred tax assets	139,586	139,586
<b>Total investments and other assets</b>	<b>642,193</b>	<b>748,053</b>
<b>Total noncurrent assets</b>	<b>919,802</b>	<b>1,113,975</b>
<b>Total assets</b>	<b>32,237,497</b>	<b>48,774,658</b>

(Units: Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Trade date accrual	120	-
Deposits received	17,537,254	17,877,121
Accounts payable - other	792,712	728,648
Accrued expenses	151,499	186,891
Income taxes payable	97,698	100,573
Total current liabilities	18,579,285	18,893,234
Noncurrent liabilities		
Long-term loans payable	1,500,000	1,500,000
Total noncurrent liabilities	1,500,000	1,500,000
Total liabilities	20,079,285	20,393,234
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,965,784	12,023,281
Capital surplus		
Legal capital surplus	8,980,550	17,038,046
Other capital surplus	45,690	54,157
Total capital surplus	9,026,240	17,092,203
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(833,702)	(733,926)
Total retained earnings	(833,702)	(733,926)
Treasury stock	(110)	(134)
Total shareholders' equity	12,158,212	28,381,424
Total net assets	12,158,212	28,381,424
Total liabilities and net assets	32,237,497	48,774,658



## (2) Interim statement of income

(Units: Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Operating revenue		
Fee received	3,673,647	5,180,345
Net trading income	18,024	25,062
Financial revenue	5,383	7,419
Other operating revenue	13,013	10,655
Total operating revenue	3,710,068	5,223,483
Financial expenses	22,164	28,402
Net operating revenue	3,687,903	5,195,081
Selling, general, and administrative expenses		
Trading-related expenses	1,938,444	2,542,941
Personnel expenses	893,065	1,297,873
Real estate expenses	182,771	254,310
Office expenses	254,259	357,904
Depreciation	40,099	73,732
Taxes and dues	49,325	85,788
Other	141,219	227,591
Total selling, general, and administrative expenses	3,499,184	4,840,141
Operating profit	188,718	354,939
Non-operating income	1,939	3,344
Non-operating expenses		
Stock issuance expenses	1,773	234,094
Loss on amortization of restricted stock compensation	-	2,550
Others	117	192
Total non-operating expenses	1,891	236,837
Ordinary profit	188,767	121,447
Profit before income taxes	188,767	121,447
Total income taxes	31,404	21,671
Profit	157,363	99,775

## (3) Interim statement of cash flows

(Units: Thousands of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	188,767	121,447
Depreciation	40,099	73,732
Share-based remuneration expenses	19,723	39,714
Loss on disposal of non-current assets	117	-
Decrease (increase) in cash segregated as deposits for customers	(100,000)	2,100,000
Decrease (increase) in trade date accrual	(4)	(184)
Interest and dividend income	(5,383)	(7,419)
Interest expenses	22,164	28,402
Stock issuance expenses	1,773	234,094
Decrease (increase) in advance payments	-	(84,037)
Decrease (increase) in prepaid expenses	(83,833)	(174,511)
Decrease (increase) in accounts receivable - other	1,162	627
Decrease (increase) in accrued income	(82,128)	(177,714)
Increase (decrease) in deposits received	1,305,789	339,867
Increase (decrease) in accounts payable - other	(165,829)	(86,214)
Increase (decrease) in accrued expenses	2,066	32,224
Other, net	(23,458)	22,051
<b>Subtotal</b>	<b>1,121,027</b>	<b>2,462,080</b>
Interest and dividend income received	5,919	10,593
Interest expenses paid	(22,187)	(25,235)
Income taxes paid	(43,455)	(48,171)
<b>Net cash provided by (used in) operating activities</b>	<b>1,061,303</b>	<b>2,399,267</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(17,536)	(61,988)
Purchase of intangible assets	(42,024)	(77,905)
Other, net	(16,203)	(109,307)
<b>Net cash provided by (used in) investing activities</b>	<b>(75,763)</b>	<b>(249,201)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issuance	413,820	15,772,119
Other, net	-	(23)
<b>Net cash provided by (used in) financing activities</b>	<b>413,820</b>	<b>15,772,096</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>20,020</b>	<b>21,618</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,419,381</b>	<b>17,943,780</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>14,858,673</b>	<b>18,144,129</b>
<b>Cash and cash equivalents at end of period</b>	<b>16,278,055</b>	<b>36,087,909</b>

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

(Notes on premise of ongoing concern)

Not applicable.

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

The Company received a payment for a third-party allocation of new shares from MUFG Bank, Ltd. on March 4, 2024, resulting in an increase in share capital of 7,825,490 thousand yen and an increase in legal capital surplus of 7,825,490 thousand yen. Additionally, due to the exercise of new share subscription rights and the issuance of new shares, share capital increased by 177,601 thousand yen and legal capital surplus increased by 177,601 thousand yen, and due to the exercise of new share the issuance of new shares as restricted stock compensation, share capital increased by 54,404 thousand yen and legal capital surplus increased by 54,404 thousand yen and other capital surplus increased by 8,467 thousand yen.

As a result, at the end of the first half of the current fiscal year, share capital amounted to 12,023,281 thousand yen, and legal capital surplus amounted to 17,092,203 thousand yen.

(Adoption of specified accounting methods for the preparation of interim 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.

(Significant subsequent events)

Not applicable.