世界が進むチカラになる。

MUFG

MUFG Bank to Acquire WealthNavi through a Take-Private Tender Offer

November 29, 2024

三菱UFJ銀行

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Overview of the Transaction

- MUFG Bank initiated a capital and business alliance agreement with WealthNavi in February 2024, and in March of the same year, made WealthNavi an equity-method affiliate of our company by acquiring a 15.55% stake (at that time) and dispatching one outside director.
- This time, through a tender offer (TOB) and squeeze-out procedures by the tender offeror MUFG Bank, WealthNavi will become a wholly-owned subsidiary of our company.

Tender offeror	MUFG Bank, Ltd
Target company	WealthNavi Inc.
Tender offer period	From Monday, December 2, 2024, to Monday, January 20, 2025 (30 business days)
Purchase price	1,950 yen ※For information regarding stock acquisition rights, please refer to the press release and the tender offer registration statement
Premium	November 28 closing price: +84.31%, 1-month average: +78.24%, 3-month average: +71.65%, 6-month average: +57.00%
Minimum number of shares to be purchased	30,988,100 shares（Number of shares required for the completion of the squeeze-out procedure after this tender offer）
Maximum number of shares to be purchased	None
Total purchase amount	Approx. 99,668 million yen
Tender offer agent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.（Sub-agent: au Kabucom Securities Co., Ltd.）
Schedule (Planned)	January 21, 2025 (Tuesday): Announcement of TOB results, January 27, 2025 (Monday): Commencement of TOB settlement, Around March to April 2025: Delisting of WealthNavi through squeeze-out procedures, becoming a wholly-owned subsidiary of our company
Notes	Based on the recommendation of the special committee established by WealthNavi, at the board of directors meeting of WealthNavi held on Friday, November 29, 2024, a resolution was made to support the TOB and recommend that shareholders and stock acquisition right holders tender their shares.

Purpose of the Transaction (Goals to be Achieved through Full Acquisition)

- MUFG Bank has been promoting collaboration with WealthNavi since entering into the capital and business alliance agreement in February 2024, aiming to realize the “Tailored Proposals" initiative, which is one of the key strategies of the Retail & Digital Business Division in the current medium-term management plan.
- Through the full acquisition of WealthNavi via this transaction, we aim to build a strong and integrated relationship, allowing for closer mutual complementation and effective utilization of both companies' management resources and expertise. This will accelerate and enhance the development and provision of services.

1. Accelerate development of MAP (Money Advisory Platform) and enhance customer experience (UI/UX) and other aspects.

- MUFG is currently promoting the joint development of the "Tailored Proposals" initiative with WealthNavi, which is one of the key functions aimed at realizing the concept of "Always connected, always be your side" in our current medium-term management plan.
- As a service that embodies this concept, we are accelerating our integrated efforts to realize "MAP" (Money Advisory Platform), which collects data such as customers' age, family composition, and purchase history, and provides optimal asset management advice tailored to each customer's life events through algorithms.

2. Strengthening MUFG's product and service capabilities (enhancing asset management functions)

- A robo-advisor with excellent customer experience and UI/UX has been added to MUFG's lineup of investment products and is also being utilized as a vehicle for the new NISA within MUFG.
- This aligns with the trend towards establishing a robust asset management nation in Japan, enabling us to contribute to the healthy market development of asset management among the mass retail segment.

3. Strengthening the online securities strategy through mutual sharing of expertise with Mitsubishi UFJ eSmart Securities.

- As announced on November 14, 2024, in "MUFG-KDDI Collaboration Next Step (Collaboration 2.0)," au Kabucom Securities will become a wholly-owned subsidiary of MUFG by the end of January 2025, and will relaunch as "Mitsubishi UFJ eSmart Securities" starting in February 2025.
- Mitsubishi UFJ eSmart Securities will cater to customers' "self-trade" needs, while WealthNavi will address “Discretionary Investment" needs, complementing each other's customer base.

4. Utilization of WealthNavi's management methods and expertise.

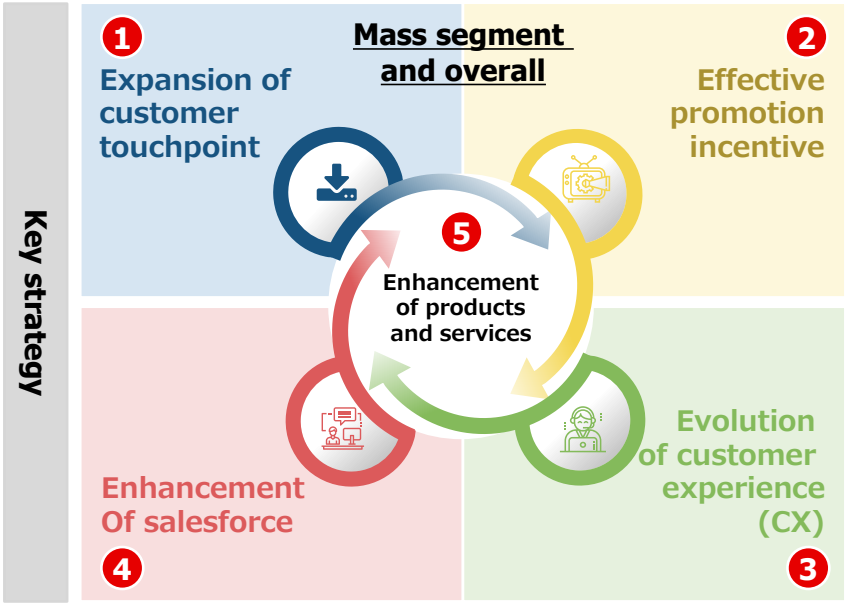
- We will fully leverage WealthNavi's excellent management methods, which have enabled it to secure a leading market share in the robo-advisor industry by rapidly cycling through autonomous product cycles to maximize customer experience (UI/UX) and the value provided, within MUFG as well.
- By incorporating WealthNavi's resources and expertise into MUFG, we will deepen and enhance our retail and digital business strategy, thereby increasing our competitiveness.

MUFG Retail & Digital Business Division's Medium-Term Management Plan

- Expand business foundation through long-term relationship with individual customers based on trust
- Maximizing Life Time Value (LTV). Expanding customer touchpoint by optimally mixing three channels: "Real (face-to-face) × Remote × Digital"
- Deliver customers experience that makes customers feel "I am glad I chose MUFG"

Vision of the new business division		
	Purpose	"Committed to supporting our customers' lives"
	Slogan	"Always connected, always be your side"
	Key KPI	"Expand LTV × customer base"

Overall strategy



Points

❶ Expansion of customer touchpoints

New branch opening based on foot traffic and market trends, and enhancement of remote channels

❷ Effective promotions and incentives

Consider group-base strategy including loyalty programs

❸ Evolution of customer experience (CX)

Implement app to app integration and tailored proposals

❹ Strengthening sales capabilities

Balanced operation between front and back office, and enhance sales activities through digital utilization

❺ Enhancement of products and services

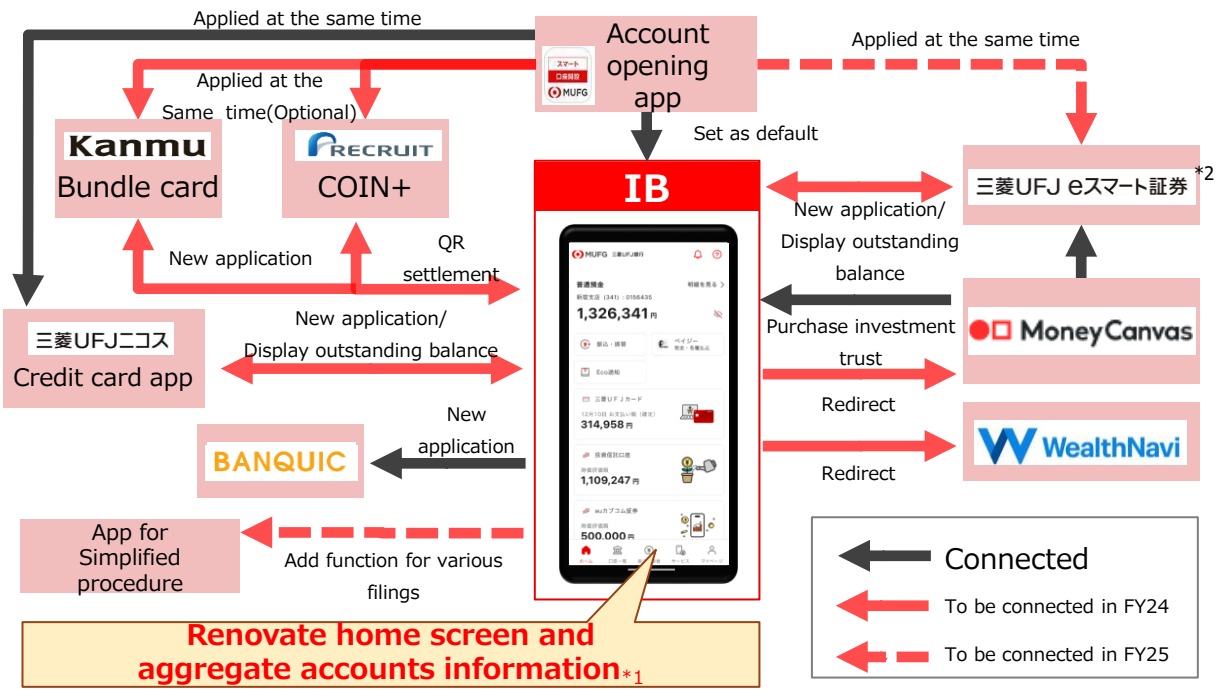
Develop products and improve services with strong appeal that gets chosen for customers' life events

Deepening Customer Experience (CX)

- Optimizing customer experience through smooth coordination and transitions within the group, centered around the direct app
- Delivering seamless service integration to customers through tailored proposals enabled by MAP

Phase 1 (to be launched in FY24)

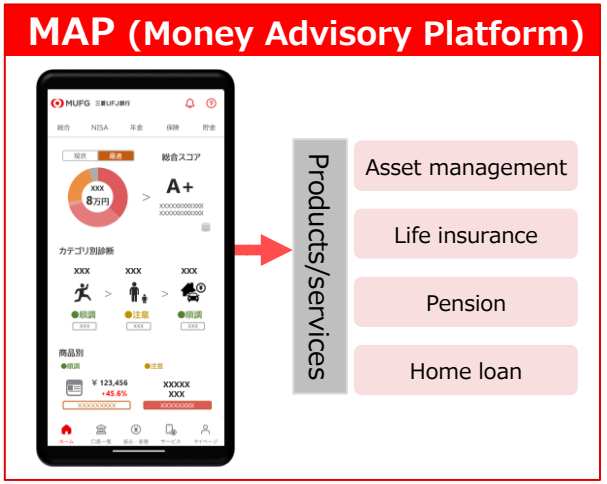
CX Connected through IB



Phase 2

Tailored proposals

Based on data collected from connected products and services



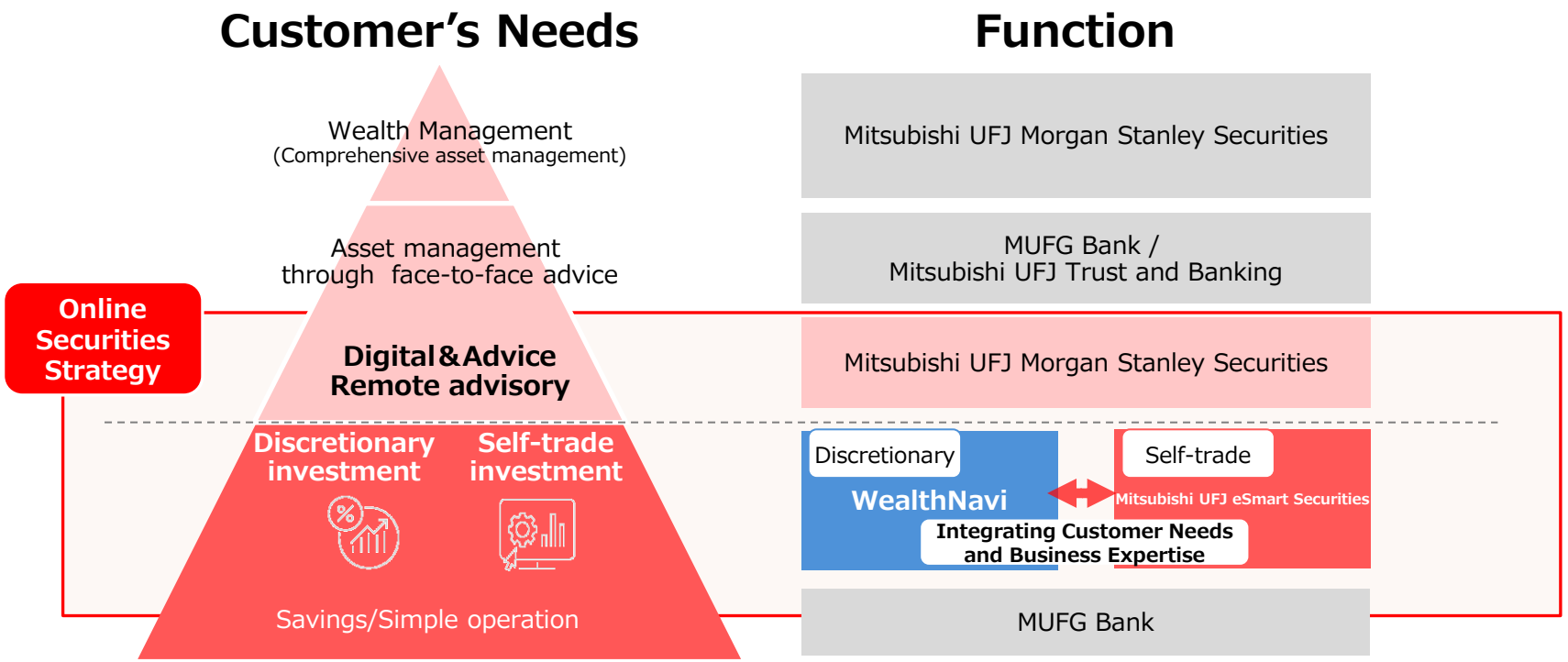
Deepening Collaboration with WealthNavi

*1 The technology for managing information from multiple accounts in one place is called "account aggregation."
*2. In February 2025, au Kabucom Securities Co., Ltd. is scheduled to change its name to Mitsubishi UFJ e-Smart Securities Co., Ltd.

Strengthening the Online Securities Strategy

- WealthNavi meets customers' "Discretionary investment" needs, while Mitsubishi UFJ eSmart Securities*1 addresses "self-trade" needs, complementing each other's customer base.
- By sharing each other's business expertise, such as WealthNavi's unique management and development methods and Mitsubishi UFJ eSmart Securities' long-cultivated governance and compliance knowledge, we aim to strengthen MUFG's online securities strategy while leveraging the strengths of both companies.

Asset Management Business within the MUFG Group



*1. In February 2025, au Kabucom Securities Co., Ltd. is scheduled to change its name to Mitsubishi UFJ eSmart Securities Co., Ltd.

Overview of WealthNavi

■ WealthNavi, founded in 2015, is a Fintech company that provides a robo-advisor service online.
■ Listed on the Tokyo Stock Exchange Mothers (now Tokyo Stock Exchange Growth) in 2020, WealthNavi holds a dominant position in the robo-advisor industry in Japan.

Overview of WealthNavi

- **Leading Position in the Robo-Advisor Industry**
  (AuM of 1.25 trillion yen with 416,000 users*1)
- Founded: April 2015
- CEO: Kazuhisa Shibayama
- Number of Employees: 196 (as of September 2024)
- Operating Revenue: ¥8.2 billion (FY2023)
- Market Capitalization: ¥62.7 billion (as of November 28), listed on the Tokyo Stock Exchange Growth Market

Shareholder Composition (as of June 2024) *2

Shareholders	Ownership Ratio*3
Kazuhisa Shibayama (CEO)	17.53%
MUFG Bank	15.38%
MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT	5.33%
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TEATY ACCOUNT	3.06%
Others	58.7%

Mission

To build a world-class wealth management platform for working families using cutting-edge technology

History

April 2015	• Established WealthNavi Inc.
December 2015	• Completed registration for Type I Financial Instruments Business, Investment Management Business, and Investment Advisory and Agency Business
January 2016	• Joined the Japan Securities Dealers Association • Beta launch of the wealth management service "WealthNavi" • Joined the Japan Investment Advisers Association
July 2016	• Officially launched a fully automated, end-to-end wealth management service "WealthNavi"
November 2019	• Completed registration for the Funds Transfer Business
November 2020	• Started offering "WealthNavi for MUFG Bank" in collaboration with MUFG Bank
December 2020	• Listed on the Tokyo Stock Exchange Growth Market
February 2021	• New Feature “Robo-NISA" Released
March 2024	• Third-party Allotment of New Shares to MUFG Bank Implemented, Becoming an Equity-method Affiliate
July 2024	• Reached 1.3 Trillion Yen AuM

*1 : AuM refers to Assets under Management. As of September 30, 2024
*2 : Prepared from the Semi-Annual Report for the Fiscal Year Ending June 2024
*3 : The Ratio of the Number of Shares Owned to the Total Number of Issued Shares (Excluding Treasury Shares)

WealthNavi's Long-term Aspiration

WealthNavi

Long-Term Goal

To build a world-class personal financial platform using cutting-edge technology to support working families for a more comfortable retirement

Value Proposition

Provision of the Holistic Financial Advisory Platform "MAP"

- Expanding the advisory domain from current asset management to insurance/pensions/mortgages/deposits/financial education, etc., to address a wide range of customer needs and challenges on finance throughout their lifetime.
- Advisory services including assessment and proposals will be conducted online (including non-face-to-face human counseling).
- **The advisory services will be provided from a neutral stance on all product categories.**

Key Factors for Success

① **Increase in the number of users**
② **Enhance service lineup to solve more financial issues**
③ **Quality and speed of execution**

Current

Providing asset management services

Greater Value for users

Advancing digitalization and automation of financial services

MAP*1

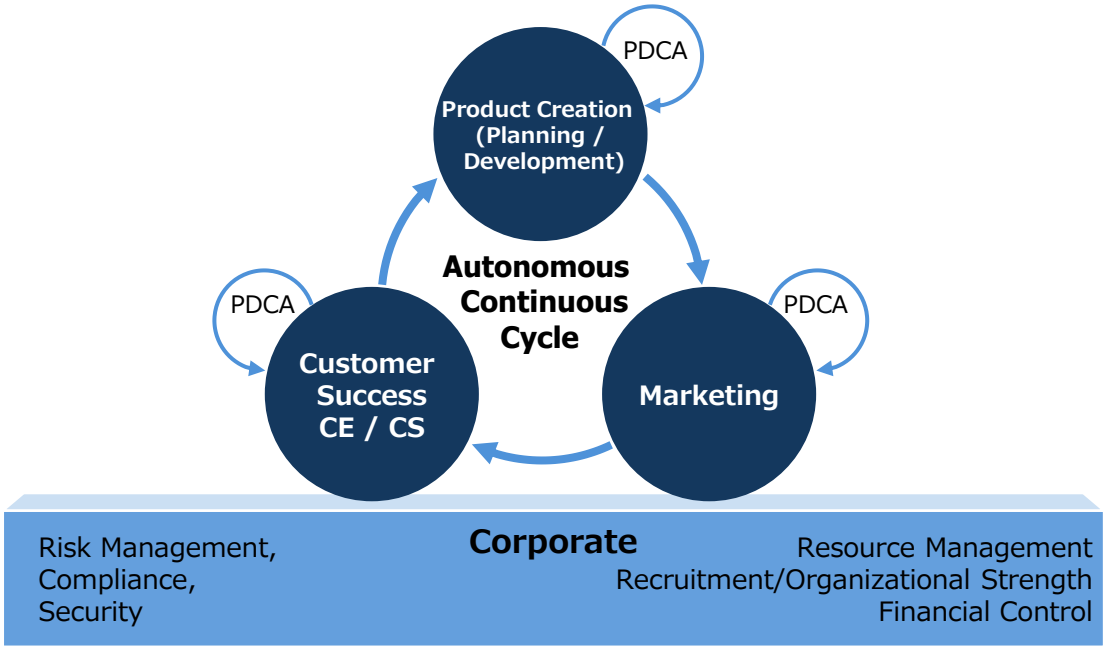
(To launch by FY2026)

*1 Picture is an image

Sources of WealthNavi's Business Value

- The top Japanese robo-advisor service*1 in terms of assets under management and number of users, and ranked No. 1 in robo-advisor customer satisfaction survey for four consecutive years
- WealthNavi's competitive advantage lies in its ability to rapidly iterate its autonomous product cycle, thereby maximizing customer experience (UI/UX) and value provided.
- WealthNavi's intrinsic value lies in its ability to achieve high standards in "Product Development Capability," "Marketing Capability," and "Customer Success," supported by advanced corporate functions. This is made possible by a management team and talent capable of creating and operating these systems.

Achieving a High Level and Speed of Autonomous Product Cycle



*1 : Wealth Advisor's research on specialist online operators (as of June 2024) which is based on the Japan Investment Advisers Association, "Contact Asset Status" - sections "Wrap Accounts" and "Discretionary Accounts" (as of March 2024)

WealthNavi Management Team

Directors

Name / Position	Background
Kazuhisa Shibayama Founder and CEO	• 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.
Gaku Hirose CFO	• 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.
Takuya Ota COO	• Takuya joined WealthNavi in January 2022 after serving as the Marketing Director at Johnson & Johnson Consumer Company, and as the Sales Director and the Head of Educational Business Division for (Junior) High School Students at Benesse Corporation. • He began his career at P&G and also worked at McDonald's Japan. He graduated from Keio University, earned a MBA in Finance from Hitotsubashi University, and obtained a Ph.D from Waseda University.

Outside Directors

Name	Position	Background
Sumito togo	Outside Director*1	• After working at McKinsey & Company Inc. Japan and Google, Sumito joined freee K.K. in 2013, where he served as Director and COO, Director and CFO, and then as Director and CPO until September 2024. He graduated from the Graduate School of Engineering, the University of Tokyo, where he conducted research on next-generation rocket propellants at JAXA.
Maki Ogawa	Outside Director*1	• Maki Ogawa is a Chief Analyst and Executive Officer of Sony Financial Holdings Inc.(currently Sony Financial Group Inc.) She began her career as a foreign exchange dealer at First National Bank of Chicago in 1994, before moving to J.P. Morgan, Sony Corporation and the retail banking division of Citibank (currently SMBC Trust Bank). Maki served on the board of Sony Bank from 2017 to June 2021 and on the board of Sony Lifecare Inc. from 2021 to June 2024. She has been a director of Sony Bank since June 2024.
Hideto Ito	Outside Director	• After joining Tokai Bank (currently MUFG Bank), Hideto served as Chief Manager of various divisions including Retail Branch Management Division and Personnel Department of Human Resources Division. • In 2016, he was appointed as General Manager of MUFG Collaboration Division of Mitsubishi UFJ Morgan Stanley Securities (MUMSS). • He has served as Executive Officer of MUFG, MUSHD and MUMSS since 2019 and then as Managing Executive Officer of the three companies since 2023. He has also been an Outside Director of au Kabucom Securities. He graduated from the Faculty of Engineering, Tokyo University of Science, and finished Executive Development Program at Kellogg School of Management.
Akira Enomoto	Outside Director, Audit & Supervisory Committee Member*1	• After joining Tokai Bank (currently MUFG Bank), Akira worked in various positions including ALM Director, and 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	Outside Director, Audit & Supervisory Committee Member*1	• After graduating from the Faculty of Law, the University of Tokyo, Eriko joined Morgan Stanley Japan Securities. After that, she became of 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 the Securities and Financial Instruments Mediation Counseling Center (FINMAC).
Yukihiko Fujimoto	Outside Director, Audit & Supervisory Committee Member*1	• After graduating from Kyoto University, Sachihiko worked for the Tokai Bank (currently MUFG Bank) and Chuo Shinko Audit Corporation, he joined Chuo Coopers & Lybrand International Tax Office (currently PwC Tax Japan) and served as Partner and Director of the Finance Department. He is a Certified Public Accountant and Tax Accountant, and holds a Master's degree in International Business Administration.

*1 : Independent Director

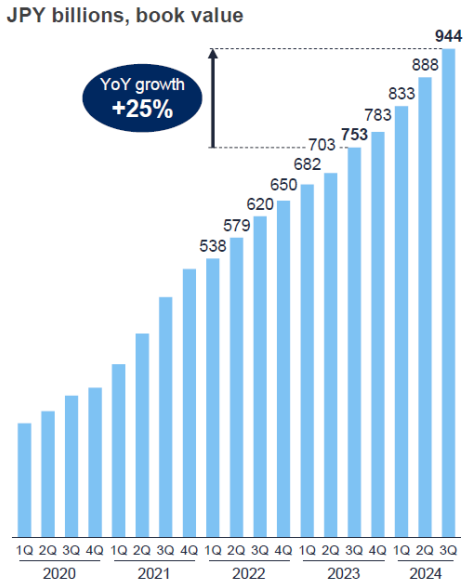
Financial Performance and Key Metrics

WealthNavi

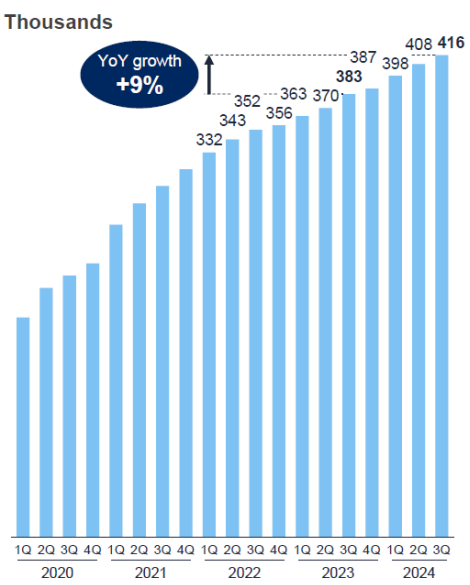
Financial Performance/Forecast

Million Yen	Performance			Forecast
	2021/12	2022/12	2023/12	2024/12E
Operating Revenue	4,647	6,573	8,167	11,187
Growth Rate	*+84.7%*	*+41.4%*	*+24.3%*	*+37.0%*
Operating Profit	(432)	209	523	531
Margin	*(9.3%)*	*3.2%*	*6.4%*	*4.8%*
Net Profit	(495)	289	375	N/A
Margin	*(10.7%)*	*4.4%*	*4.6%*	--
AUM (Billion Yen)	6,345	7,197	9,833	13,478

Book-value AuM



Number of Users



AuM trend

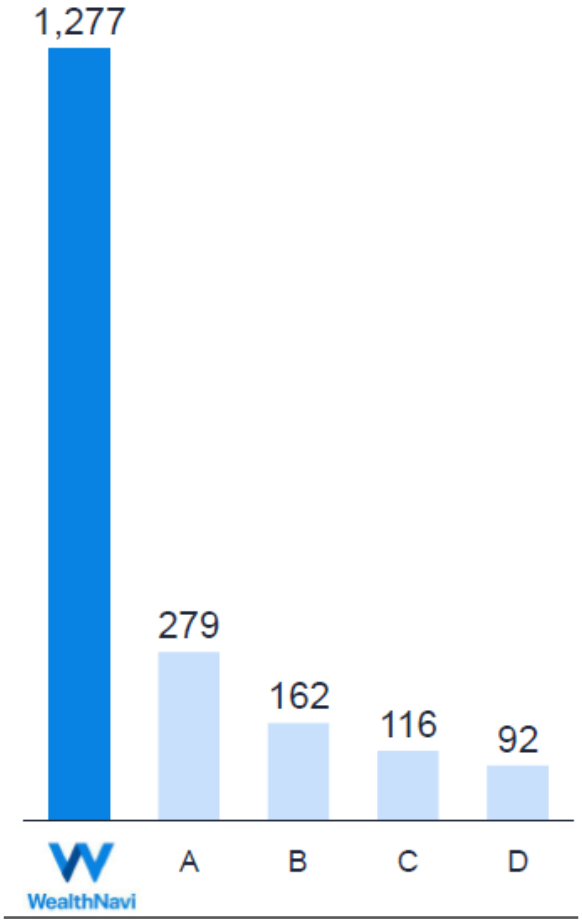
＊AuM as of October 31, 2024 was 1.34 trillion yen

*1 : Services Launched as of September 30, 2024
*2 : AuM through them are included in "Alliance" until the termination of the business alliances and included in "Direct" afterwards.

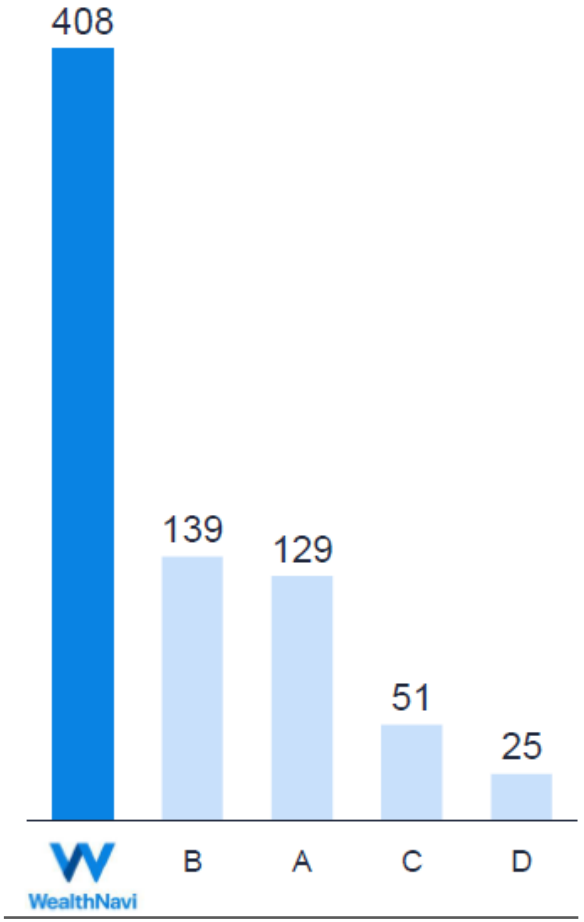
Market Share (Robo-Advisor)

WealthNavi

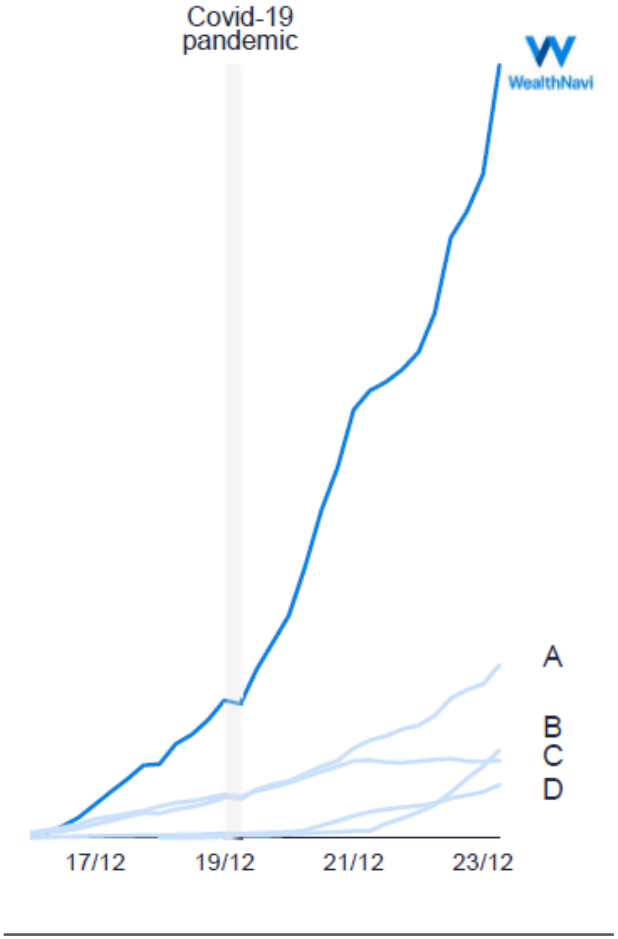
AuM
(JPY billions; June 2024)



Number of Users
(Ten thousand; June 2024)



AuM trend
(Dec. 2016 to June 2024)

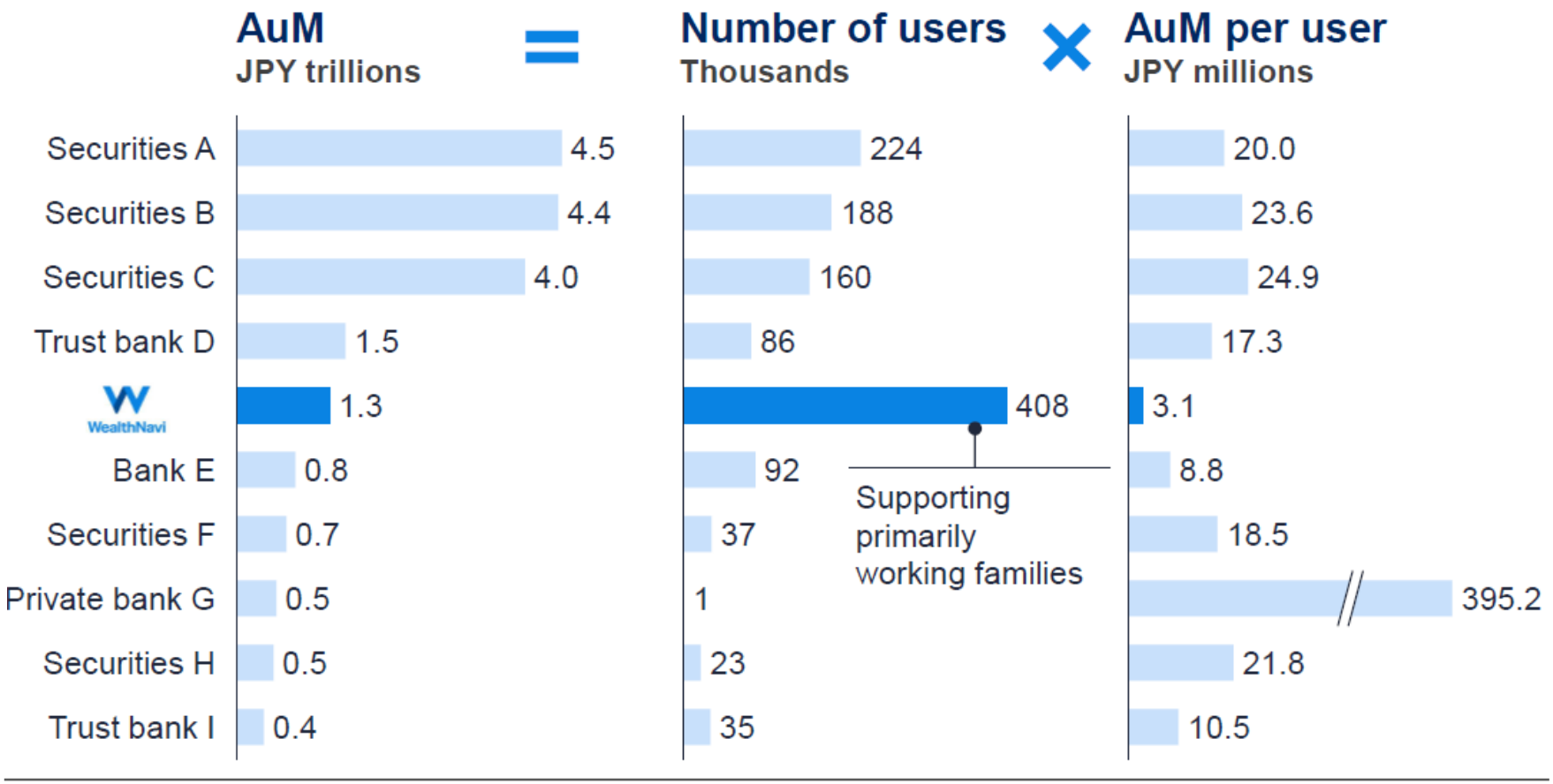


Source: WealthNavi analysis based on Japan Investment Advisers Association, “Contract Asset Status, September 2024”. AuM of Company A to D include those under “discretionary investment business".

Market Share (Wrap Business)

WealthNavi

Top 10 managed account services in Japan ranked by AuM
(As of June 2024)



Source: WealthNavi analysis based on Japan Investment Advisers Association, “Contract Asset Status, September 2024”. AuM of Company A to D include those under “discretionary investment business".