

Press Release
December 17, 2024
PayPay Corporation
LY Corporation
Z Financial Corporation

Transfer of Shares of PayPay Bank to PayPay

PayPay Corporation (hereinafter “PayPay”), LY Corporation (hereinafter “LYC”), and Z Financial Corporation (an intermediate holding company for the domestic financial businesses of LYC; hereinafter “Z Financial”) have today decided to transfer the common shares and Class A preferred shares of PayPay Bank Corporation (hereinafter “PayPay Bank”) held by Z Financial to PayPay, subject to the approval of the relevant authorities, etc., for the purpose of expanding financial businesses around PayPay. The Group will aim to further improve the convenience and customer satisfaction of financial services offered by PayPay.

Background and objective of this transaction

PayPay has thus far focused on enhancing the features and services for its users and merchants, and has driven cashless payments in Japan, achieving 66 million* registered users in approximately six years since service launch, and JPY12.5 trillion in consolidated GMV in FY2023. Furthermore, through the consolidation of PayPay Card Corporation (hereinafter “PayPay Card”) in October 2022 and capital investment in PayPay Securities Corporation (hereinafter “PayPay Securities”) in April 2023, PayPay has accelerated the linkage between various services and PayPay, striving to expand a variety of financial services beyond just cashless payments. With PayPay Card, PayPay has worked to unify the service experience between the PayPay app and credit card, significantly increasing the number of active cards issued and transaction volume. Similarly, with PayPay Securities, customer acquisition through the PayPay app has been successful, leading to a dramatic increase in the number of accounts opened and the balance of assets managed. The businesses of both PayPay Card and PayPay Securities have steadily expanded after their participation in the PayPay Group.

PayPay Bank launched its business in September 2000 as Japan’s first pure internet bank under the name, The Japan Net Bank, Limited, and became a consolidated subsidiary of Yahoo Japan Corporation (now LY Corporation) in February 2018, strengthening the banking function within the Group. In April 2021, it changed its trade name from The Japan Net Bank, Limited to PayPay Bank Corporation. The collaborations between PayPay and PayPay Bank continue to deepen through measures such as easy opening of PayPay Bank accounts in the PayPay app and use

of PayPay Bank's function for the Account Number for Payment to the Salary Account in PayPay Paycheck, PayPay's service that supports digital salary payments.

To enhance convenience and customer satisfaction centered around financial services for users, merchants, and corporations, further strengthening of collaborations between PayPay and PayPay Bank is crucial beyond just service linkages within the PayPay mini app. Thus, the share acquisition by PayPay was determined to achieve this purpose, subject to the approval of the relevant authorities, etc. PayPay's participation in the management of PayPay Bank as a new shareholder will accelerate the service collaborations within the PayPay Group. Furthermore, efforts will be made to provide new financial experiences leveraging PayPay Bank's business experience accumulated over the years, integration with the PayPay app, and product and service developments utilizing PayPay's data and technological capabilities.

*Number of users who have registered their accounts as of October 31, 2024.

Shareholders and voting rights ratio of PayPay Bank before and after the share transfer

Shareholder	Before Share Transfer			After Share Transfer		
	Common shares	Class A preferred shares	Voting rights ratio (After conversion*)	Common shares	Class A preferred shares	Voting rights ratio (After conversion*)
PayPay	0	0	0.0% (0.0%)	354,000	883,000	46.57% (75.28%)
Z Financial	354,000	883,000	46.57% (75.28%)	0	0	0.0% (0.0%)
Sumitomo Mitsui Banking Corporation	354,000	0	46.57% (21.54%)	354,000	0	46.57% (21.54%)
Fujitsu Ltd.	40,000	0	5.26% (2.43%)	40,000	0	5.26% (2.43%)
Mitsui Sumitomo Insurance Company, Limited	4,000	0	0.52% (0.24%)	4,000	0	0.52% (0.24%)
TAIJU LIFE INSURANCE COMPANY	4,000	0	0.52% (0.24%)	4,000	0	0.52% (0.24%)

LIMITED						
SUMITOMO LIFE INSURANCE COMPANY	4,000	0	0.52% (0.24%)	4,000	0	0.52% (0.24%)

*Class A preferred shares are convertible into common shares at a ratio of 1:1 by exercising the right to request acquisition with common shares as consideration.

Future schedule

The transaction is scheduled to take effect on April 1, 2025, subject to the approval of the relevant authorities, etc.

Note: Company names, trade names, and product and service names mentioned in the press release are registered trademarks or trademarks of the respective companies.

Disclaimer

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