PayPay

Investor Briefing

Earnings Presentation

Q2 2026

Disclaimer

Cautionary Note Regarding Forward-Looking Statements and Financial Guidance

This presentation contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which involve risks and uncertainties. In some cases, you can identify these statements by forward-looking words such as "expectation," "forecast," "anticipation," "intention," "plan," "possibility," "may," "will," "should," "anticipate," "could," "would," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," "goal," "objective," "seek," or "continue," the negative of these terms and other comparable terminology. Forward-looking statements in this presentation may relate to, but are not limited to, expectations of future results of operations or financial performance of the Company, including expectations related to full-year and quarter revenue and Adjusted EBITDA, expectations regarding certain of our key financial and operating metrics, our business and growth strategy, including future product development plans, our market opportunity, the performance of newly launched products and innovations, our technological capabilities, the demand for the Company's products and services, our expectations and management of future growth and acceleration, and our expectations regarding our industry and traditional banks, as well as assumptions relating to the foregoing. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include risks related to our ability to manage our growth effectively; our ability to attract new users, retain our active users and expand the scope of our relationship with our active users; our ability to attract new merchants to utilize our services, grow our relationships with our existing merchants, and increase transaction volumes across our payment settlement services; our ability to maintain and expand synergies between our code-based payment settlement services and our credit card payment services; our ability to maintain and strengthen the ecosystem effects of our platform; our alliances with the shareholders of our consolidated subsidiaries and equity-method affiliates; changes in the expansion and development of the cashless payments industry and the digital financial services industry in Japan; our ability to implement pricing strategies and expand our service offerings; our ability to maintain, protect, and enhance our strong and trusted brand; our ability to maintain or improve our technology infrastructure; and the complex and evolving laws and regulations applicable to our business and the banking ecosystem. Further information on these risks and other factors that could affect our financial results is set forth in our filings with the Securities and Exchange Commission, including in our IPO prospectus. Moreover, new risks and uncertainties emerge from time to time, and it is not possible for the Company to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. These forward-looking statements and financial guidance reflect the Company's views with respect to future events and operating performance as of the date of this presentation and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements or guidance. Except as required by law, the Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this presentation.

Non-IFRS Financial Measures and Key Metrics

This presentation includes financial information prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). This presentation also includes non-IFRS financial information, which should be considered supplemental to, not a substitute for, or superior to, the financial measure calculated in accordance with IFRS. Some of the non-IFRS financial measures that are included in this presentation are Adjusted EBITDA and Adjusted EBITDA Margin. We use these non-IFRS financial measures in conjunction with IFRS measures to evaluate our operating performance, formulate business plans, prepare budgets and forecasts, and make strategic decisions, including those relating to operating expenses and the allocation of internal resources. We believe that these non-IFRS financial measures provide useful information to investors, analysts, and others about our business and financial performance, enhance their overall understanding of our performance, and can assist in providing a more consistent and comparable overview of our financial performance across periods.

There are a number of limitations related to the use of these non-IFRS financial measures and their nearest IFRS equivalents. For example, the Company's definitions of non-IFRS financial measures may differ from non-IFRS financial measures used by other companies. For reconciliations to the most directly comparable IFRS measure, see page 9 of this presentation. With regard to forward-looking non-IFRS guidance and targets provided in this presentation, the Company is unable to provide a reconciliation of these forward-looking non-IFRS measures to the most directly comparable IFRS measures without unreasonable efforts. This is because the information needed to reconcile these measures is dependent on future events, many of which the Company is unable to control or predict. Notwithstanding the foregoing, it is important to note that material changes to reconciling items could have a significant effect on future IFRS results. Additionally, this presentation includes key operating metrics that we use to evaluate our operating performance, formulate business plans, and make strategic decisions.

Unaudited Financial Information

The selected financial data included in this presentation is based on the Company's management accounts that have not been audited by independent auditors.

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Executive Summary

Consolidated

- Growth in Payment & Financial Service
- Cost Efficiencies Accelerated Profitability Improvement
- Full-Year Guidance Raised

Total Revenue	YoY +28%
Adjusted EBITDA[1]	YoY +55%
Adjusted EBITDA Margin	36%

Payment Segment

- Impact from prolonged rainy days
- GMV mix shifts and higher interest income drive Take Rate expansion

GMV	YoY +20%
Financing Balance	YoY +26%
Net Take Rate	1.74% YoY +0.1%pt
Total Revenue	YoY +27%

Financial Service Segment

Higher deposit and loan balances and higher interest rates drive revenue growth

Balance of Deposits	YoY +16%
Balance of Loans	YoY +37%
Interest Income	YoY +70%
Total Revenue	YoY +38%

1. Adjusted EBITDA is a non-IFRS measure. See P. 9 for reconciliation to the most directly comparable IFRS measure.



Financial Highlights

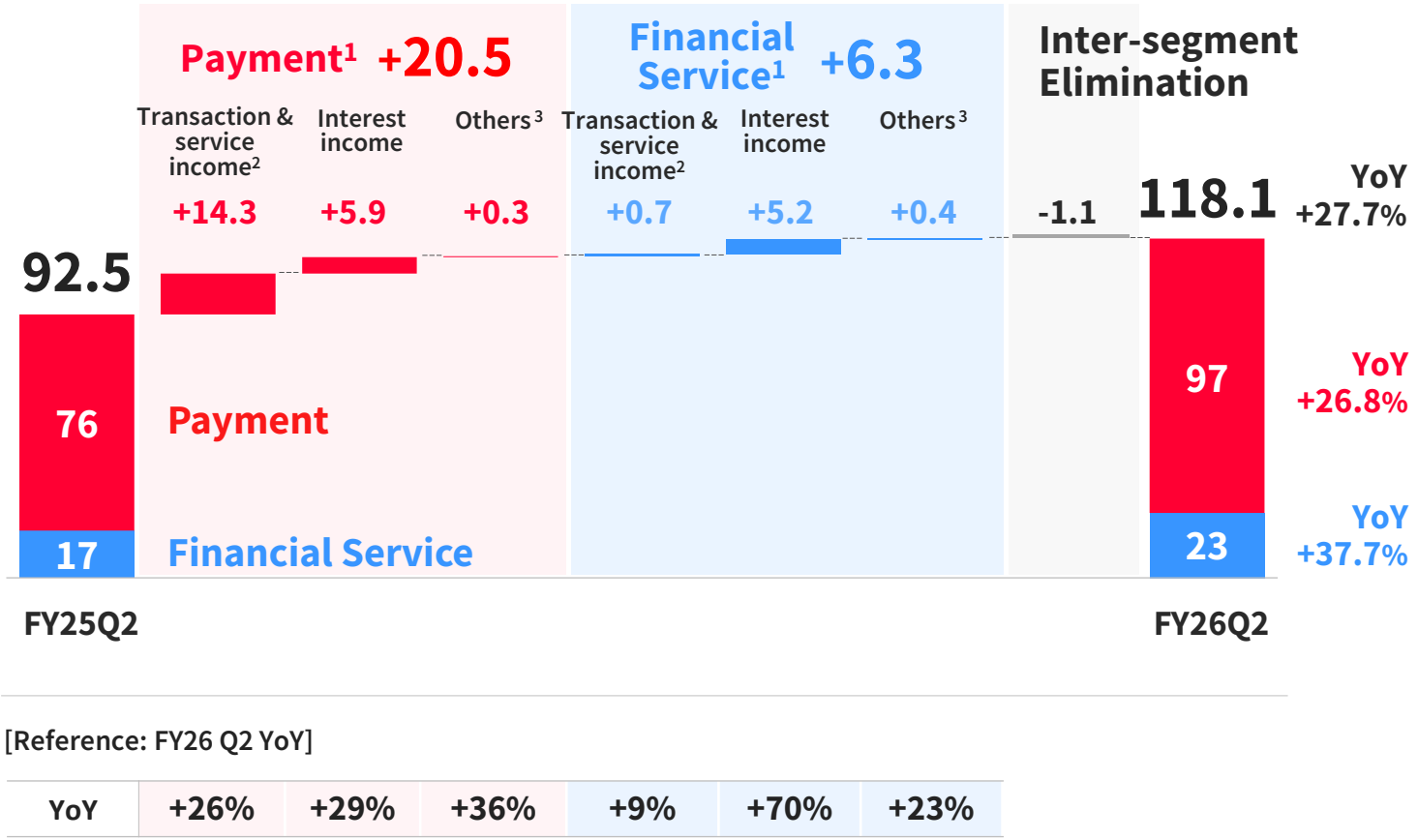
FY26Q2: Earnings Highlights

(JPY bn)	FY25Q2		FY26Q2	Q2 Guidance
Total Revenue	92.5	YoY +27.7%	118.1	114 ～ 116
Total Transaction Cost[1]	20.8	YoY +35.3%	28.1	-
Adjusted EBITDA[2] (Adjusted EBITDA Margin)	27.2 (29.4%)	YoY +54.8%	42.1 (35.6%)	37.5 ～ 39.5
Profit for the Period	73.2 (One-time tax benefit from recognition of deferred tax assets)	YoY -74.8%	18.4	-

1. The sum of Settlement-related Costs, Provision for Loss Allowance and Interest Expenses.
2. Adjusted EBITDA is a non-IFRS measure. See P. 9 for reconciliation to the most directly comparable IFRS measure.

Total Revenue

(JPY bn)



[Reference: FY26 Q2 YoY]

YoY	+26%	+29%	+36%	+9%	+70%	+23%

Key Drivers

Payment Segment

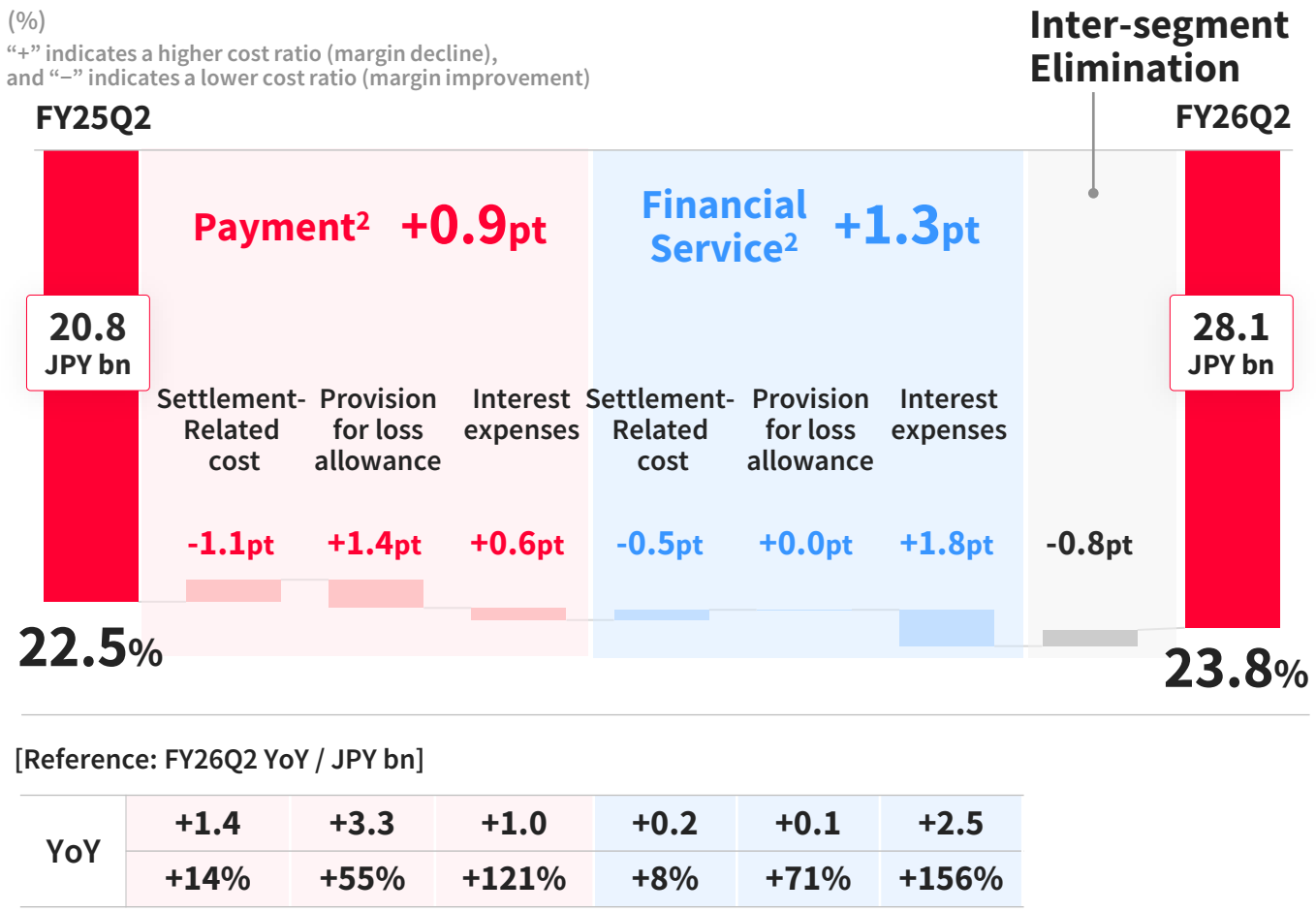
- **Transaction and service income (YoY +26%)**
  - GMV growth
  - Higher settlement fee rates driven by a higher share of online GMV and other factors
  - Lower revenue deductions following the reward points revision in Jun. 2026
- **Interest income (YoY +29%)**
  - Continued growth in revolving, installment and cash advance balances

Financial Service Segment

- **Transaction and service income (YoY +9%)**
  - Higher banking fee income as PayPay Bank's account base expands
- **Interest income (YoY +70%)**
  - Higher interest income from continued loan balance growth and policy rate hikes

1. Each change represents the difference in segment Total Revenue between FY26 Q2 and FY25 Q2.
2. Refers to "Transaction and service income" within Total Revenue. See Appendix P. 23 and P. 24 for details.
3. Refers to "Gains (losses) on financial instruments" and "Other operating income" within Total Revenue. See Appendix P. 23 and P. 24 for details.

Total Transaction Cost Ratio[1] (% of Total Revenue)



[Reference: FY26Q2 YoY / JPY bn]

YoY	+1.4	+3.3	+1.0	+0.2	+0.1	+2.5
	+14%	+55%	+121%	+8%	+71%	+156%

Key Drivers

The settlement-related cost ratio declined, while the interest expense ratio increased

FY26Q2 RLTC margin[3]: 76.2% (77.5% in FY25Q2)

Payment Segment

- **Lower Settlement-related cost ratio**
  - Shift toward relatively lower-cost funding sources
- **Higher Provision for loss allowance**
  - Expanded credit limits for a broader customer base, based on risk-return assessments (since Dec. 2025)
- **Higher Interest expenses**
  - Higher external borrowing costs due to growth in card receivables and policy rate hikes

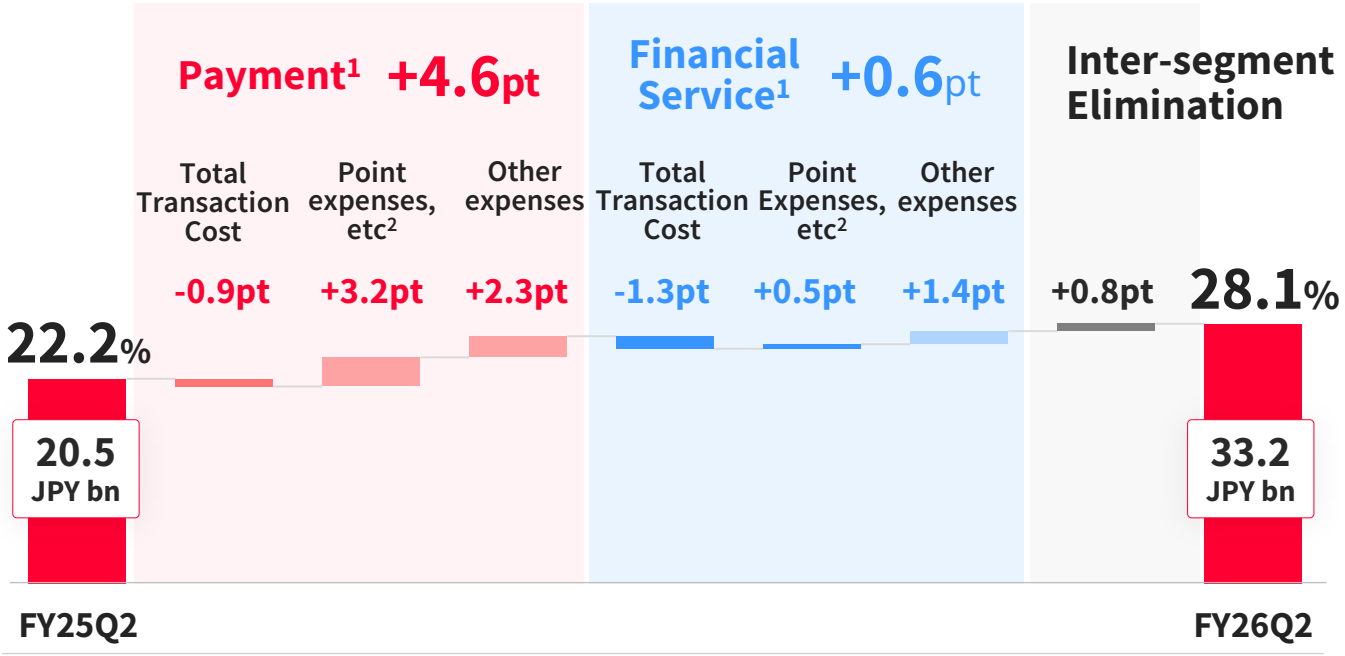
Financial Service Segment

- **Higher Interest expenses**
  - Higher deposit interest expenses due to deposit growth and policy rate hikes

1. Total Transaction Cost ratio is calculated by dividing Total Transaction Cost (Settlement-related Cost, Provision for loss allowance and Interest expenses) by consolidated Total Revenue.
2. Each contribution equals the current-quarter cost-to-consolidated total revenue ratio minus the corresponding prior-year ratio. Inter-segment eliminations are calculated on the same basis. A higher cost ratio is shown as "+" (margin decline), and a lower cost ratio as "–" (margin improvement).
3. Revenue Less Transaction Cost (RLTC) = Total Revenue – (Settlement-related Costs + Provision for Loss Allowance + Interest Expenses). RLTC margin is calculated as RLTC divided by Total Revenue.

Operating Profit Margin[1] (% of Total Revenue)

(%)
"–" indicates a higher cost ratio (margin decline), and "+" indicates a lower cost ratio (margin improvement)



[Reference: FY26Q2 YoY / JPY bn]

YoY	+5.6	+1.0	+4.5	+2.8	-0.3	+0.5
	+34%	+6%	+17%	+62%	-44%	+6%

Key Drivers

Profitability improved as Operating Expenses grew 18% YoY, below Total Revenue growth of 28%

Payment Segment

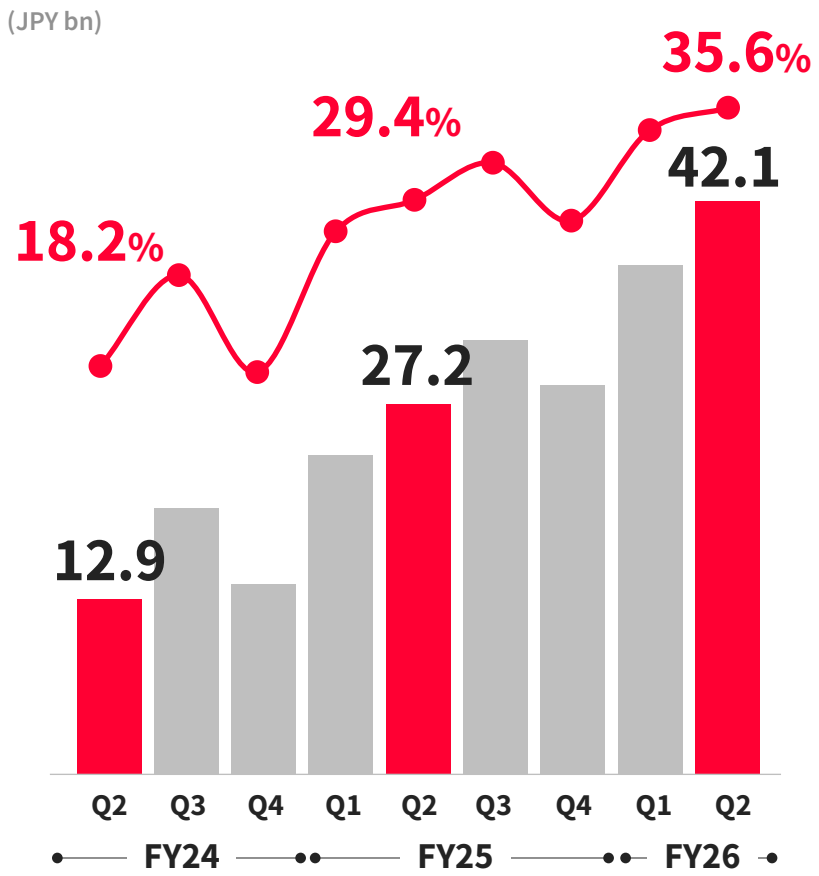
- **Efficiencies in Point, Advertising and promotion expenses**
  - Lower reward points expenses following the reward points revision in Jun. 2026
- **Efficiencies in Other operating expenses**
  - Employee benefit expenses & Professional and outsourcing services expenses (YoY +4%): outsourcing efficiencies, and insourcing
  - Lower expense ratios through operating leverage

Financial Service Segment

- **Efficiencies in Point, Advertising and promotion expenses**
  - Disciplined advertising spending
- **Efficiencies in Other operating expenses**
  - Employee benefit expenses & Professional and outsourcing services expenses (YoY +3%): outsourcing efficiencies, and insourcing
  - Lower expense ratios through operating leverage

1. Operating Profit Margin is calculated by dividing Operating Profit by Total Revenue. Each contribution to Operating Profit Margin equals the corresponding prior-year cost-to-consolidated-revenue ratio minus the current-quarter ratio. Inter-segment eliminations are calculated on the same basis. A lower cost ratio is shown as "+" (margin improvement), and a higher cost ratio as "–" (margin decline).
2. Refers to "Point expenses" and "Advertising and promotion expenses".

Adjusted EBITDA



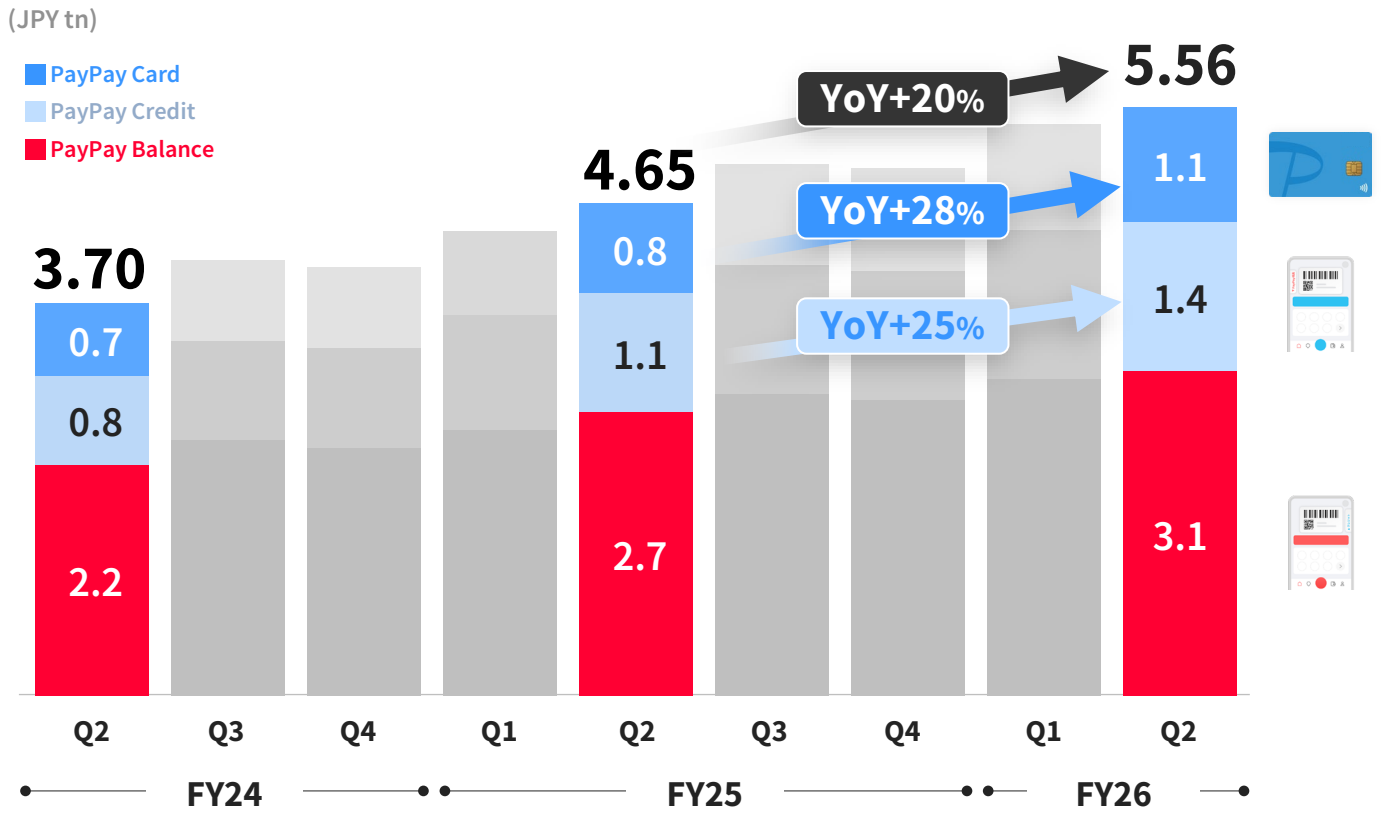
(JPY mn)

	FY25Q2	FY26Q2	YoY	Key Drivers of Change
Profit for the Period	73,220	18,440	-75%	
Income Tax Expense	-52,790	10,114	n/m	Tax benefit from recognition of deferred tax assets in FY25Q2
Share of Loss of Investments Accounted for Using the Equity Method[1]	58	4,618	n/m	Impairment losses on certain equity-method affiliates
Depreciation and Amortization	5,755	6,196	+8%	-
Share-based Payment Expenses[2]	-	233	-	-
Amortization of Contract Cost	411	562	+37%	-
Losses on Disposal of Property and Equipment and Intangible Assets[3]	174	1,524	n/m	One-time costs for early termination of license agreements as systems are brought in-house
Listing-related Expenses[4]	441	-	-	
M&A-related Expenses[5]	35	572	n/m	Advisory fees and other expenses related to M&A
Net Interest Expense (Income) from Corporate Borrowings and Treasury Assets[6]	-124	-185	+49%	-
Adjusted EBITDA	27,180	42,074	+55%	
Total Revenue	92,478	118,115	+28%	-
Adjusted EBITDA Margin	29.4%	35.6%	+6.2*pt*	

1. Share of loss of investments accounted for using the equity method includes the share of loss of joint ventures accounted for using the equity method.
2. Share-based payment expenses represent compensation granted to officers and employees in exchange for services and comprise equity-settled expenses (non-cash) and cash-settled expenses (involving future cash outflows). These expenses are recognized by allocating the fair value of each award over its vesting period. In connection with the Company's listing, cumulative expenses for prior periods were recognized in the fourth quarter of the fiscal year ended March 2026. Only equity-settled expenses are adjusted in calculating Adjusted EBITDA. Cash-settled expenses are not adjusted.
3. Includes one-time costs related to early termination of license agreements as systems are brought in-house.
4. Listing-related expenses comprise advisory fees and other expenses for professionals engaged in preparation for the initial public offering.
5. M&A-related expenses primarily comprise advisory fees and other expenses for professionals engaged in acquisitions and investments, as well as accrued expenses related to holdbacks from past acquisitions.
6. Net interest expense (income) from corporate borrowings and treasury assets comprises interest expense on our interest-bearing debt incurred for general corporate purposes, offset by interest income derived from guarantee deposits, cash and cash equivalents, and Japanese government securities within the payment segment. Corporate borrowings exclude funding raised in the ordinary course of our banking, credit card and other financial services operations.

Payment | GMV

Payment Segment GMV



Key Drivers of Change

Payment Segment GMV: JPY 5.56tn (YoY +20% / +JPY 0.9tn)

- **Increased use of PayPay Card and PayPay Credit**
  - More cards issued following changes to SoftBank's mobile plans and benefits in Jun. 2026
  - Growing use alongside code-based payments
- **Continued online payment growth (YoY +40%)**
  - GMV growth at existing merchants and expansion of the merchant base

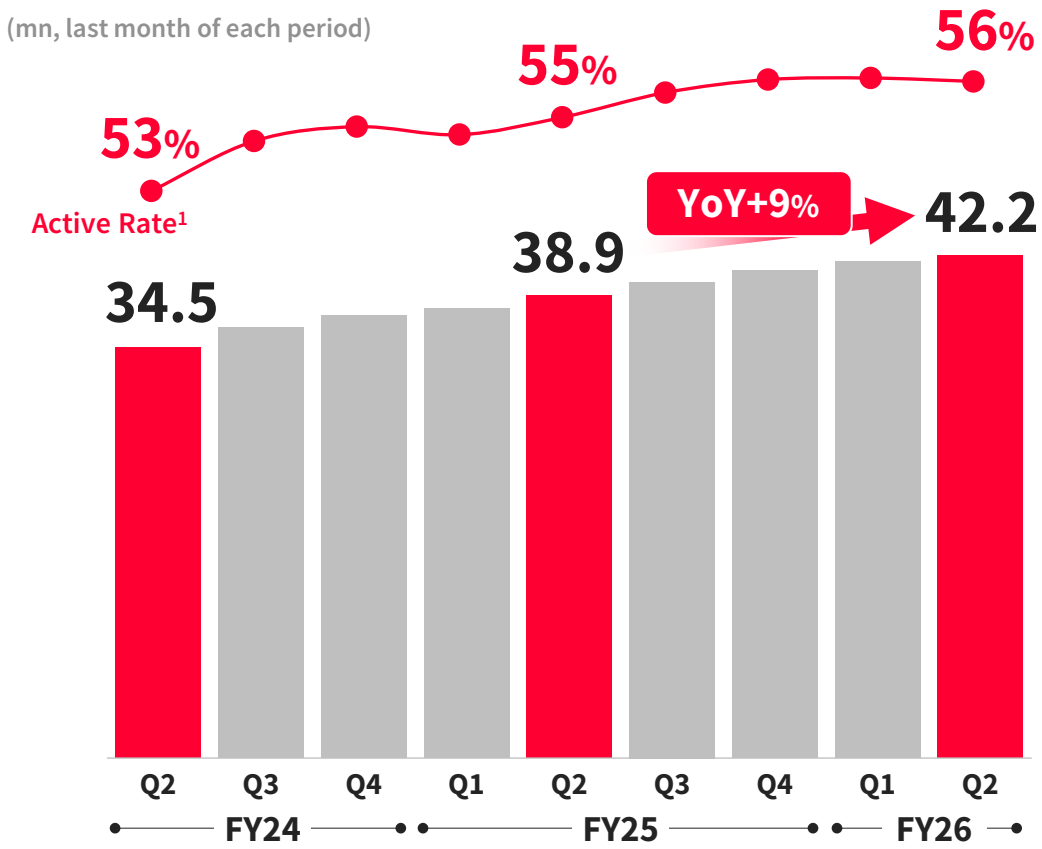
One-off Factors

1. Lapping the GMV boost from pull-forward demand in Sep. 2025 ahead of the Oct. 2025 changes to "Hometown Tax Donation[1]" rules
2. Lower offline payment volumes due to prolonged rainfall in Sep. 2026

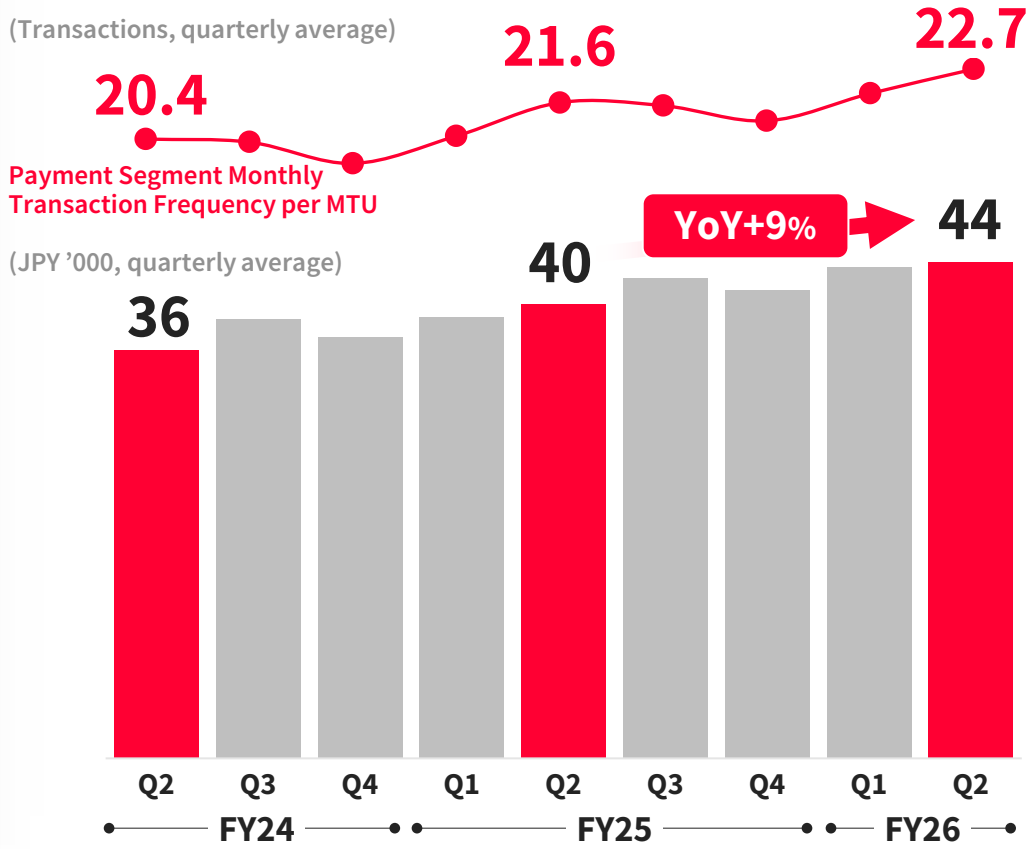
1. Hometown Tax Donation (Furusato Nozei): A Japanese tax incentive program that allows taxpayers to donate to local municipalities of their choice. In turn, donors receive tax credits for income and resident taxes (for amounts exceeding ¥2,000) and typically receive local specialty products as thank-you gifts.

Payment | Monthly Transacting Users (MTU)

MTU



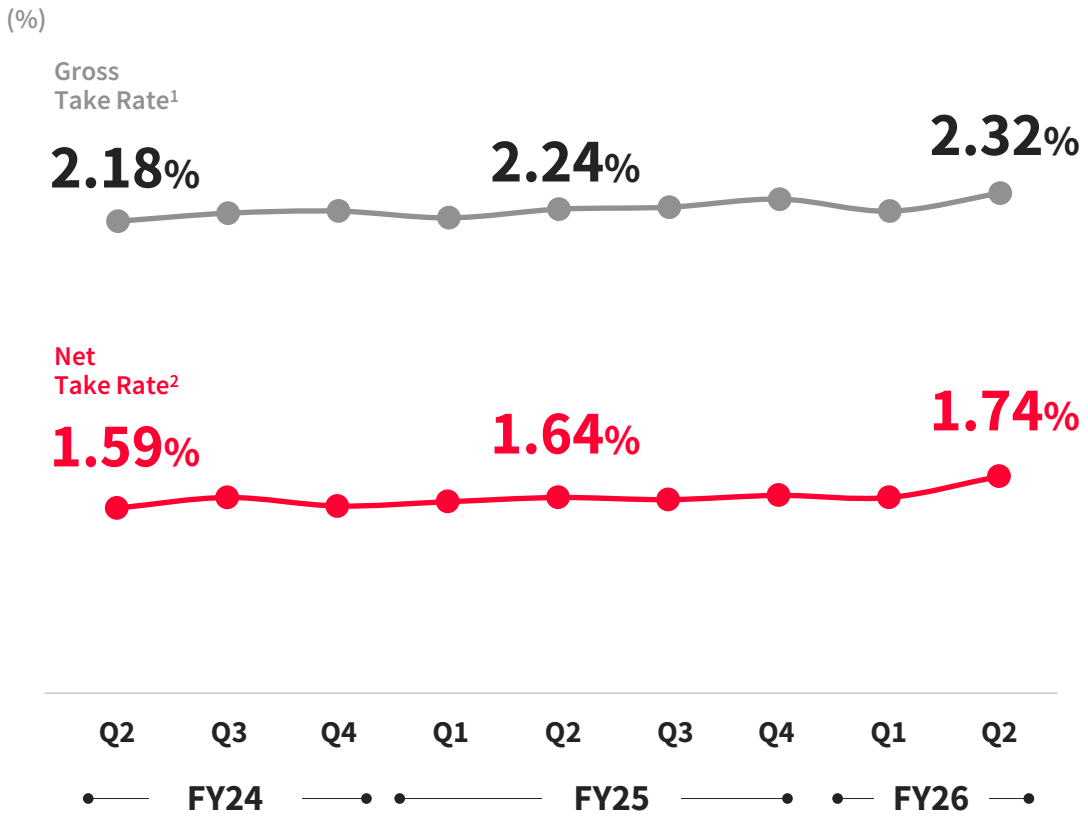
Payment Segment Monthly GMV per MTU



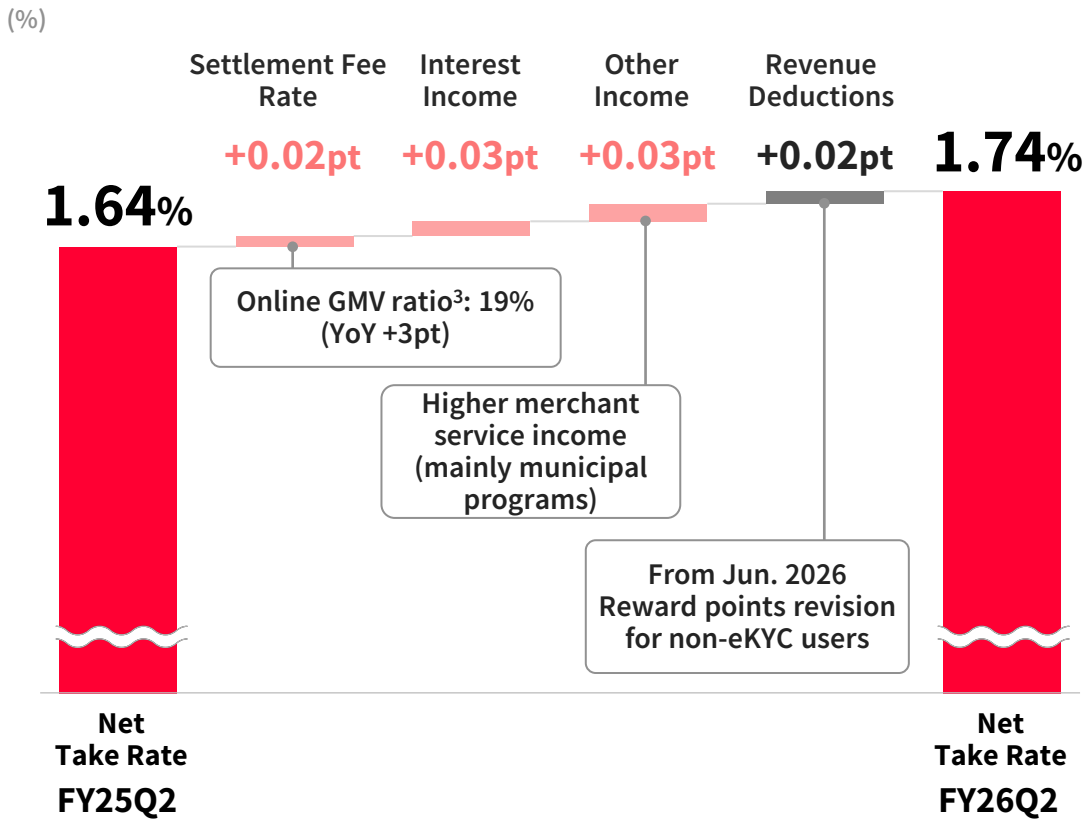
1. Calculated by dividing PayPay MTU in the last month of each relevant period by the total number of registered PayPay users at the end of that period.

Payment | Take Rate

Take Rate



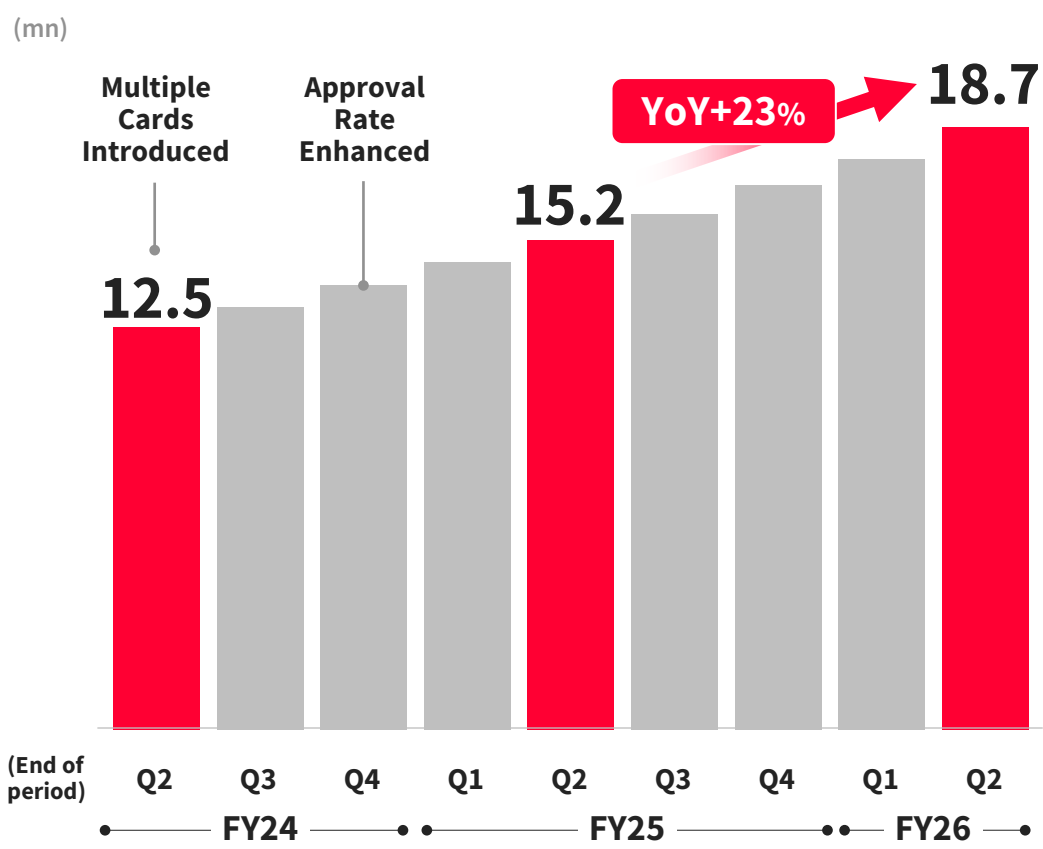
Take Rate Drivers



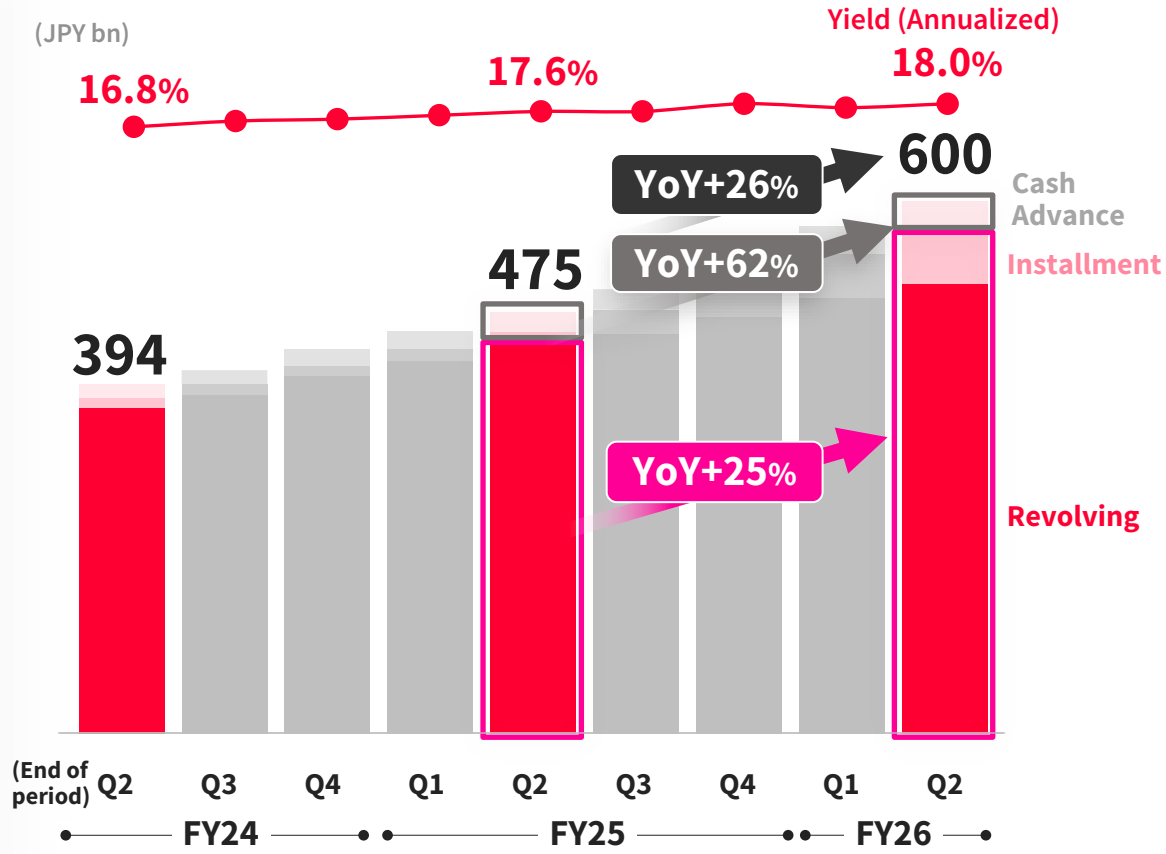
1. Payment Segment Total Revenue before deductions divided by Payment Segment GMV.
2. Payment Segment Total Revenue divided by Payment Segment GMV.
3. Online GMV ratio is calculated as Online GMV divided by PayPay app GMV. Online GMV excludes GMV from transactions on Satofull, and GMV from transactions conducted through e-commerce services operated by LY Corporation, including Yahoo! Shopping, Yahoo! Auctions, and Yahoo! Flea Market.

Payment | PayPay Card (Business KPIs)

of Active Cards Issued



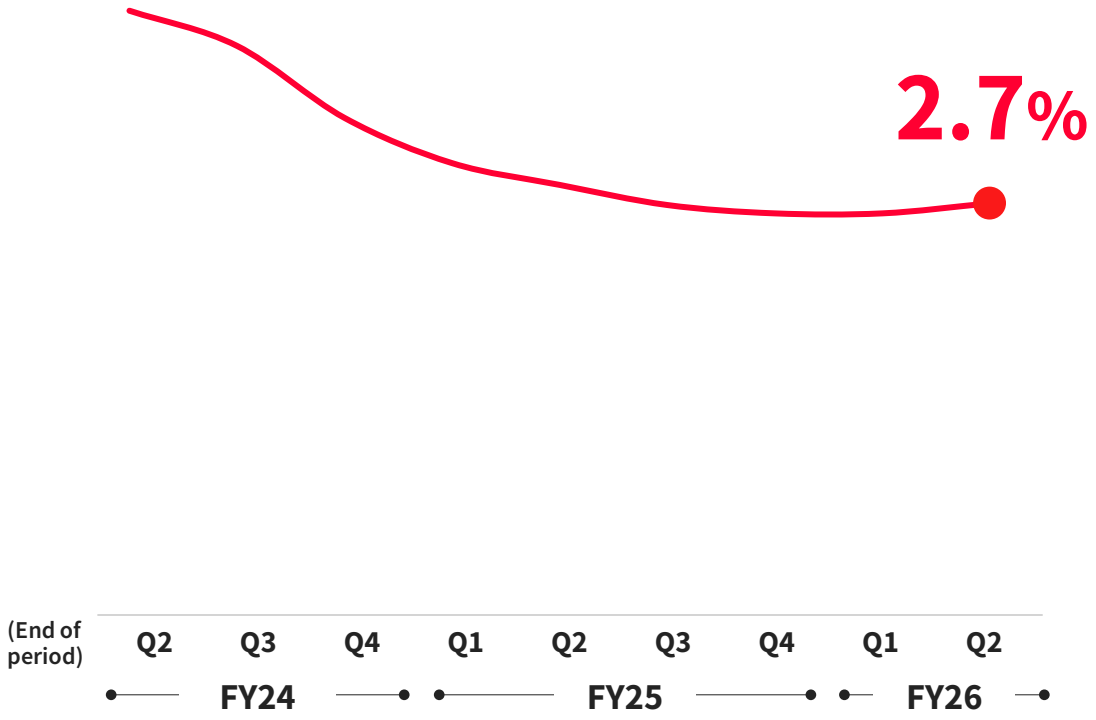
Credit Card Financing Balance



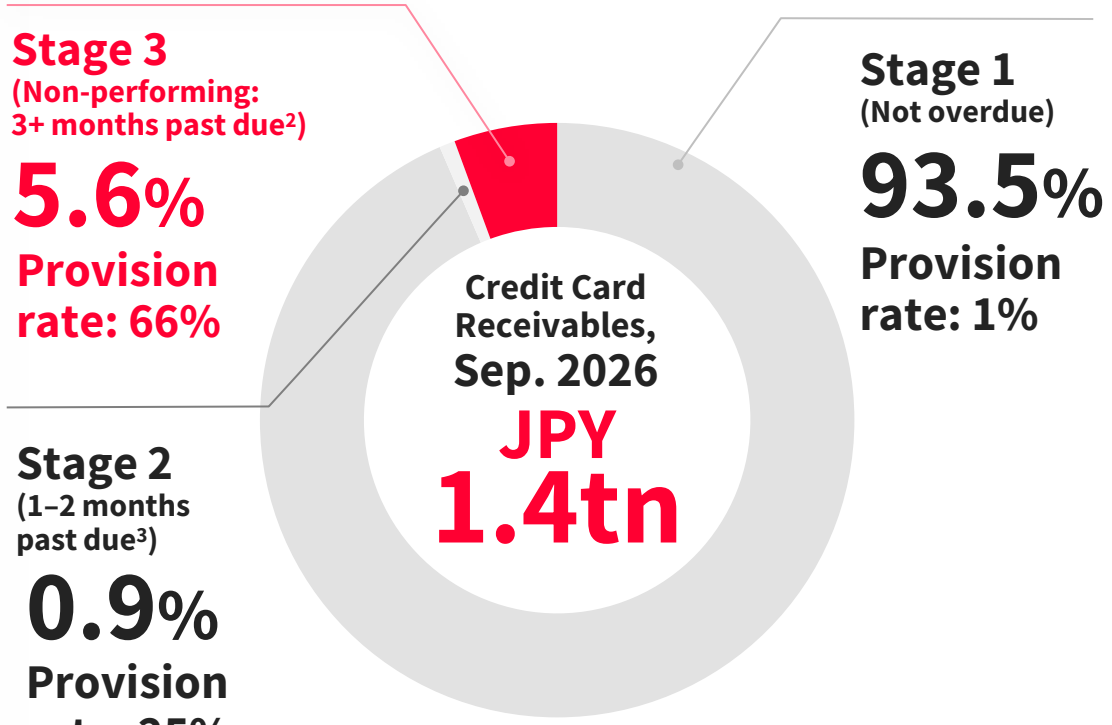
1. Annualized yield is calculated by dividing Payment segment interest income for the quarter by the average of the beginning and ending credit card financing balances (revolving, installment, and cash advance balances), and multiplying by four. The beginning balance is the balance at the end of the previous quarter.

Payment | PayPay Card (Credit Quality)

Delinquency Transition Rate[1]



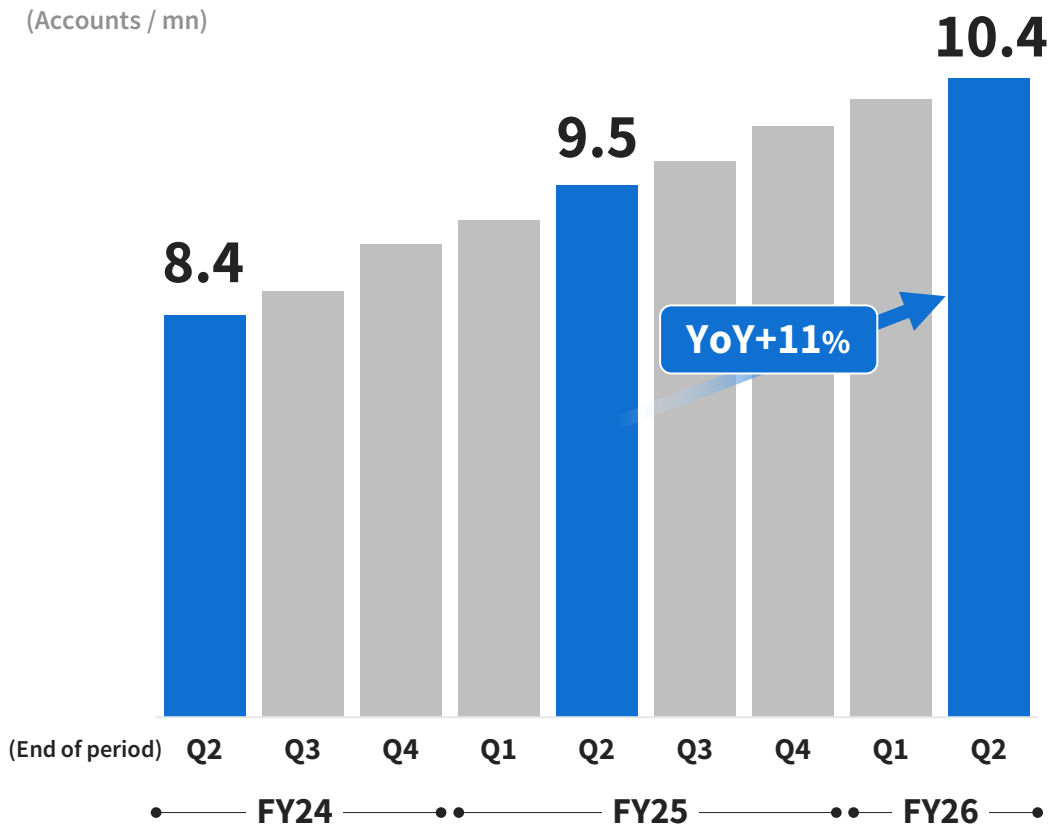
NPL Ratio



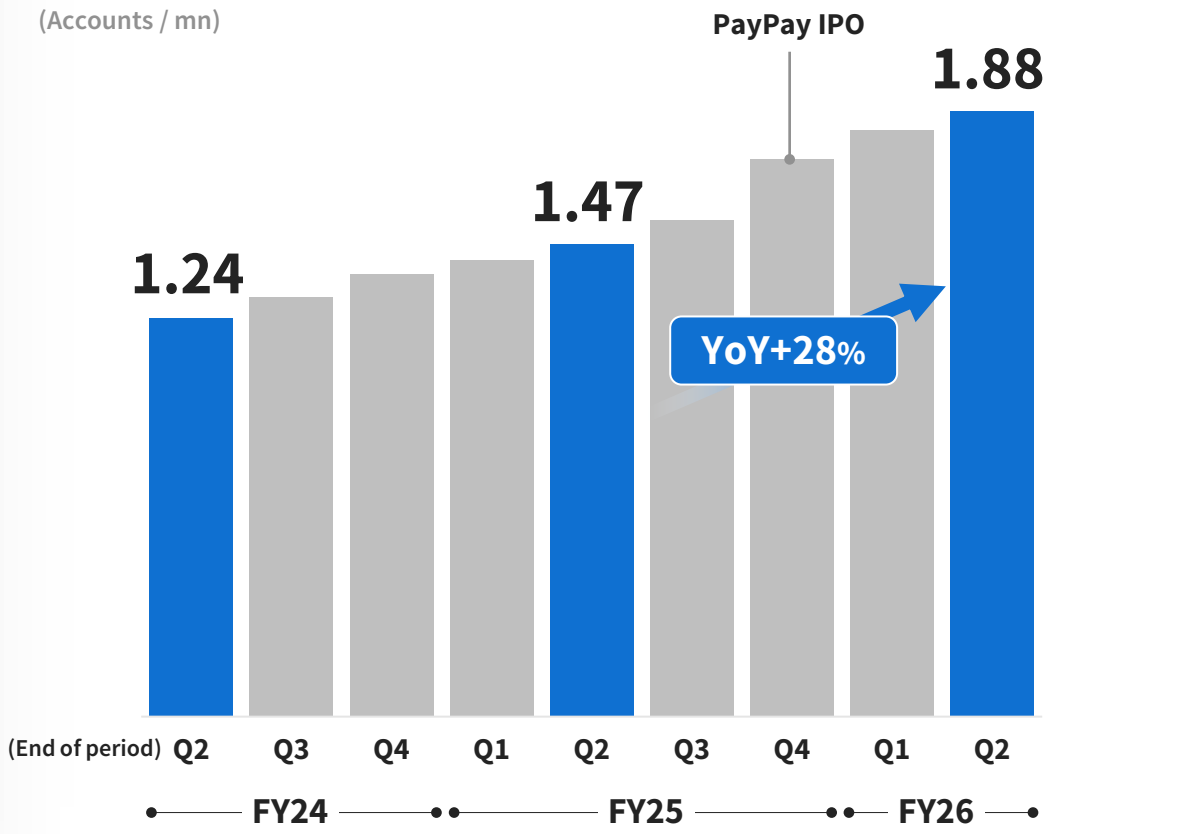
1. Calculated by dividing the amount transitioning to Stage 3 receivables during the quarter by Stage 1 receivables at the end of the previous quarter, annualized as the moving sum of delinquency transition rates over the latest four quarters
2. Includes restructured receivables, etc.
3. For cash advance receivables (excluding shopping related), delinquencies of less than one month are also included in Stage 2

Financial Service | Accounts

PayPay Bank | # of Bank Deposit Accounts

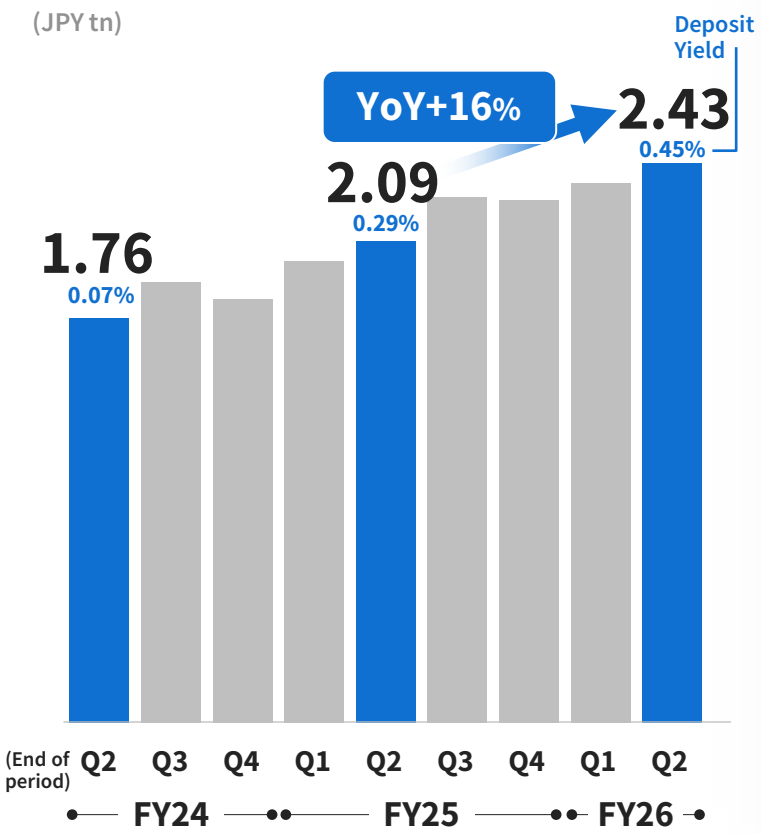


PayPay Securities | # of Securities Accounts

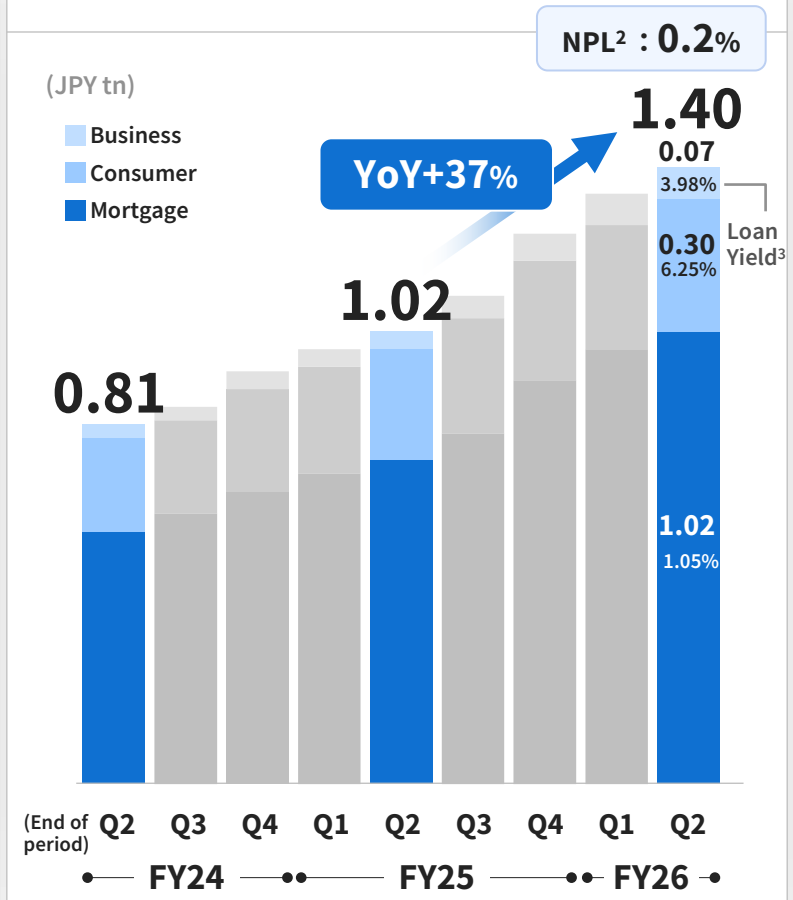


Financial Service | Deposits, Loans, Interest Rate Margin[1]

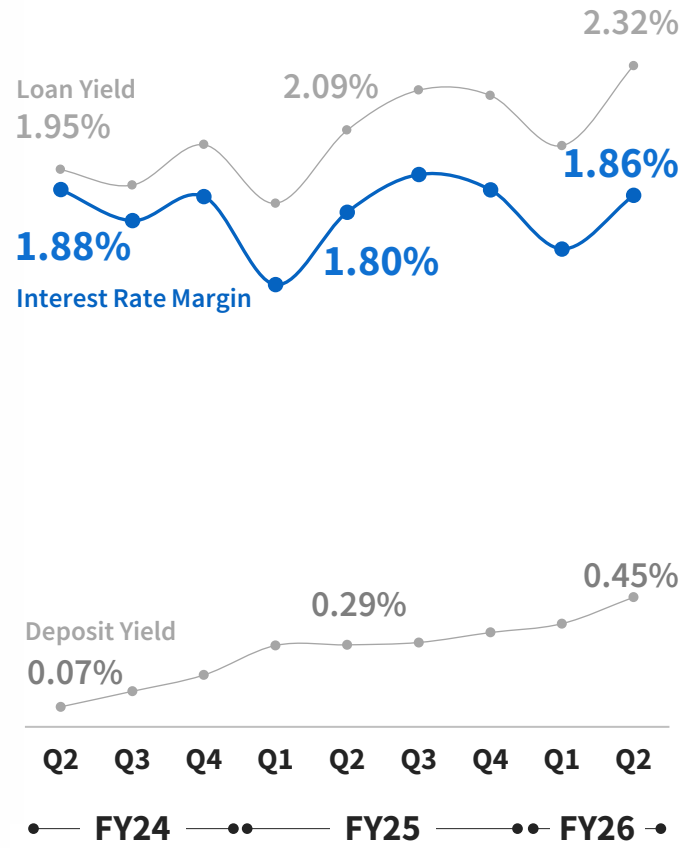
Deposits



Loans



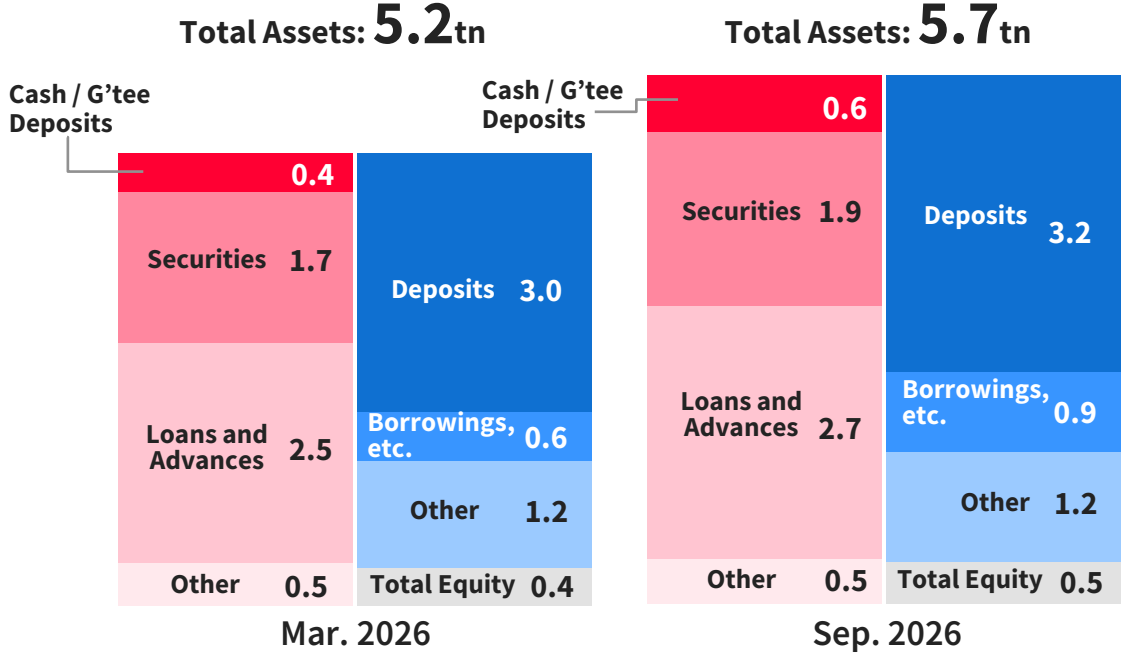
Interest Rate Margin



1. Yields on this slide are calculated on a simplified basis using the average of beginning- and end-of-quarter balances. Loan yields are presented net of guarantee fees and other related fees.
2. NPL ratio represents claims disclosed under the Financial Reconstruction Act (excluding normal claims) as a percentage of total claims.
3. In calculating loan yields by category, the period income figures for Business Loans and Consumer Loans are each based on management accounting data.

Balance Sheet

(JPY tn)



	Mar. 2026	Sep. 2026
Equity Ratio	7.6%	7.4%
Net Debt[1]	JPY 106.0bn	JPY 115.4bn
Adjusted ROE[2] (Annualized)	14.9%	18.5%

Key Changes vs. Prior Fiscal Year-End (JPY bn)

Higher bank deposits and card-related securitization borrowings; Total Assets up JPY 554.1bn vs. prior fiscal year-end

Assets

● **Loans and advances (+224.6)**
- Payment (+65.9) : higher card receivables due to business growth
- Financial Service (+158.7) : growth in bank loan balances

● **Securities (+144.7)**
- Payment (+89.5) : acquisition of Seven & i shares
- Financial Service (+55.3): higher securities balances as Point Investment balances expanded

Liabilities and Equity

● **Deposits (+262.9)**
- Payment (+40.5) : increase in PayPay Balance
- Financial Service (+222.4) : growth in bank deposits and PayPay Securities' Point Investment balances

● **Borrowings, etc. (+296.7)**
- Payment (+223.3) : higher securitization borrowings as the card business expanded
- Financial Service (+73.5): higher repo transactions and borrowings from the Bank of Japan

1. Calculated as: (1) Corporate borrowings + (2) Deposits (Payment Segment) − (3) Cash and cash equivalents (Payment Segment: cash, demand deposits, and time deposits with original maturities of three months or less) − (4) Guarantee and margin deposits (Payment Segment; guarantee deposits placed with PayPay Bank are added back) − (5) Securities (Payment Segment: Japanese government bonds)
2. Calculated by dividing profit for the year/period attributable to owners of the parent company (before deferred tax adjustments) by average equity attributable to owners of the parent company at the beginning and end of the period

FY26 Guidance

Full-year guidance raised on stronger-than-expected H1 results

(JPY bn)	FY26Q3	FY26 Full Year
Total Revenue	121 to 123	474 to 478
YoY	+21% to +23%	+25% to +26%
Adjusted EBITDA	41.5 to 43.5	159 to 163
YoY	+30% to +37%	+43% to +47%

FY26Q3

- Q3 business trend remains unchanged, with disciplined cost management

Key Drivers of Total Revenue YoY Growth

Payment

- Steady GMV growth trend
- Tighter controls in online payments are expected to change the payment fee mix, temporarily lowering Take Rate

Financial Service

- Deposit balances continue to grow steadily
- Interest income YoY growth is expected to normalize due to the high comparison base from the sharp rise in corporate deposits since FY25Q3.

FY26 Full Year

- Same business trend expected in Q4, with disciplined cost management
- Funding costs are expected to rise first, assuming rate hikes in Dec. 2026 and Mar. 2027

Appendix

Glossary

Payment Segment GMV	The total of PayPay Balance GMV, PayPay Credit GMV and PayPay Card GMV, excluding the GMV of cancelled transactions.
PayPay App GMV (or QR GMV)	The total of PayPay Balance GMV and PayPay Credit GMV, excluding the GMV of cancelled transactions.
PayPay Balance GMV	GMV of payments made using PayPay Balance, PayPay Debit, PayPay Balance Card, other credit cards linked to the PayPay app, and payments made through other payment services and networks such as Alipay+ and HIVEX® via PayPay code payments, excluding top-ups to PayPay Balance with PayPay Card and the GMV of cancelled transactions.
PayPay Credit GMV	GMV of payments made using PayPay Credit, top-ups to PayPay Balance made using PayPay Card, and payments made by linking a PayPay Card to the PayPay app without linking a PayPay account, excluding the GMV of cancelled transactions.
PayPay Card GMV	GMV of payments made using PayPay Card (physical card), excluding top-ups to PayPay Balance with PayPay Card and the GMV of cancelled transactions.
Online GMV	Excludes GMV from transactions made within e-commerce services operated by LY Corporation (such as Yahoo! Shopping, Yahoo! JAPAN Auctions and Yahoo! JAPAN Flea Market), and Satofull.
(Net) Take Rate	Payment Segment Total Revenue divided by Payment Segment GMV.
Gross Take Rate	Payment Segment Total Revenue before deductions divided by Payment Segment GMV.
PayPay MTU (Monthly Transacting Users)	The number of unique users who completed at least one payment per month that contributes to PayPay Balance or PayPay Credit GMV, excluding P2P (peer-to-peer) money transfers and cancelled transactions. PayPay MTU over a quarterly or annual period represents the figure from the last month of the relevant period.

Glossary

Active Rate	Calculated by dividing PayPay MTU in the last month of each relevant period by the total number of registered PayPay users at the end of that period.
Payment Segment Monthly GMV per MTU	Calculated by dividing total quarterly GMV for PayPay Balance, PayPay Credit and PayPay Card by total quarterly PayPay MTU.
Payment Segment Monthly Transaction Frequency per MTU	Calculated by dividing total quarterly transactions for PayPay Balance, PayPay Credit and PayPay Card by total quarterly PayPay MTU.
PayPay Card Number of Active Cards Issued	The number of members of PayPay Card, PayPay Credit and Yahoo! JAPAN Card, excluding members whose accounts have been suspended or who have withdrawn from the service. A single member who has issued multiple PayPay Cards since August 2024 is counted multiple times.
PayPay Card Financing Balance	The total outstanding revolving payment, installment payment and cash advance balances of PayPay Card at the end of each month of the applicable period.
PayPay Card Delinquency Transition Rate	Calculated by dividing the amount transitioning to Stage 3 receivables during the quarter by Stage 1 receivables at the end of the previous quarter, annualized as the moving sum of delinquency transition rates over the latest four quarters.
PayPay Card NPL Ratio	Calculated by dividing delinquent receivables at period-end by receivables at period-end.
PayPay Card Provision Rate	Allowance balance at period-end divided by receivables at period-end. The provision rate excludes the allowance for doubtful accounts related to unused card credit lines.

Glossary

Number of PayPay Bank Deposit Accounts	The total number of PayPay Bank regular savings accounts at the end of each month, for both individual and corporate accounts, excluding closed accounts and fixed deposit accounts.
Number of PayPay Securities Accounts	The cumulative total number of PayPay Securities comprehensive securities accounts at the end of each quarter, excluding closed or frozen securities accounts.
PayPay Bank Balance of Deposits	The sum of demand deposits and time deposits.
PayPay Bank Balance of Loans	The sum of mortgage loans, overdrafts and other loans.
Adjusted ROE	Calculated by dividing profit for the year/period attributable to owners of the parent company (before deferred tax adjustments)[1] by average equity attributable to owners of the parent company at the beginning and end of the period.
Net Debt	Calculated as: (1) Corporate borrowings[2] + (2) Deposits (Payment Segment) − (3) Cash and cash equivalents (Payment Segment: cash, demand deposits, and time deposits with original maturities of three months or less) − (4) Guarantee and margin deposits (Payment Segment; guarantee deposits placed with PayPay Bank[3] are added back) − (5) Securities (Payment Segment: Japanese government bonds)

1. Results for the three months ended September 30, 2026: JPY 19.4bn
2. As of September 30, 2026: JPY 20.0bn
3. As of September 30, 2026: JPY 229.2bn

Revenue Structure by Segment | Payment

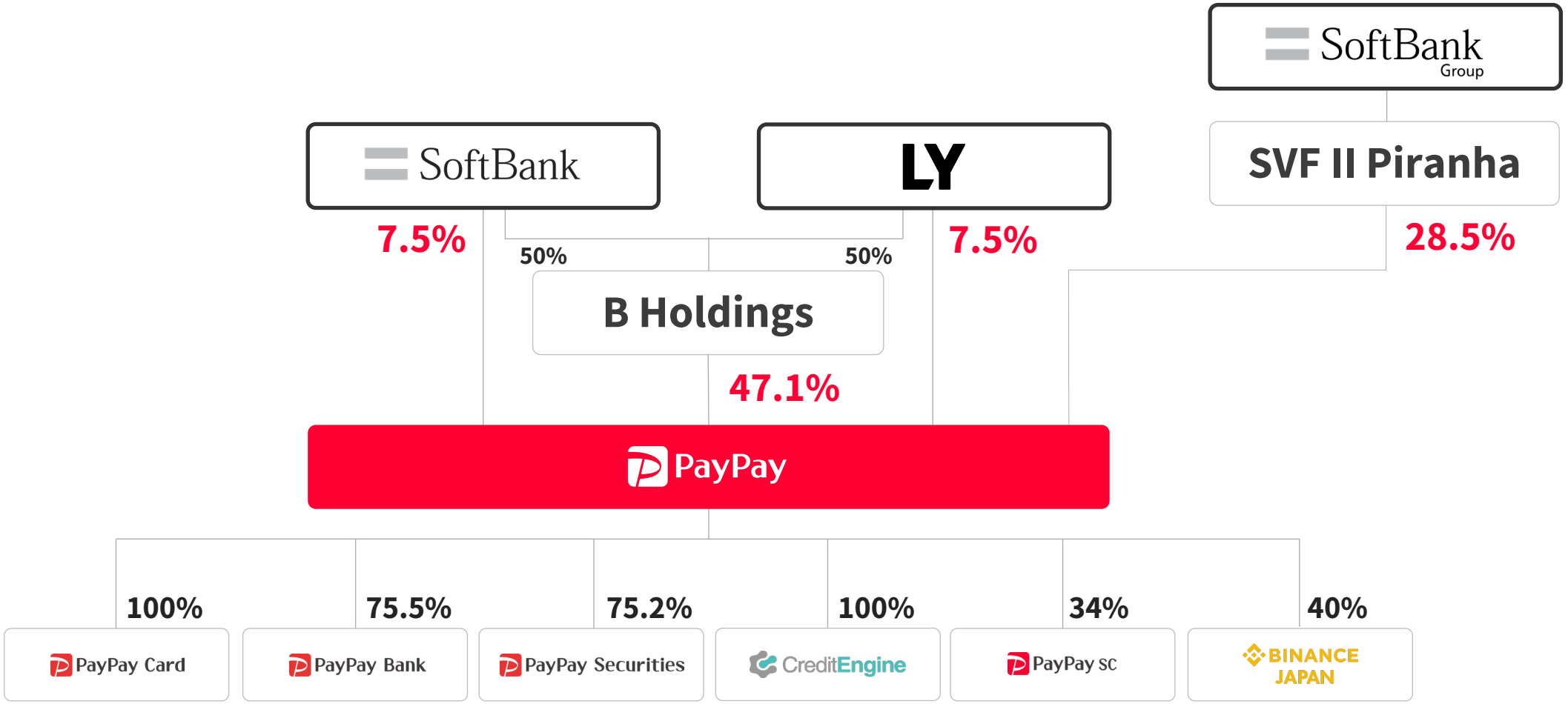
Total Revenue	Related Services	Key Revenue Items
Transaction and Service Income	PayPay	• Settlement fees • Fees for PayPay My Store • Fees for PayPay Balance top-ups via SoftBank and Y!mobile carrier billing • PayPay Gift Certificates; campaign fees charged to municipalities, merchants, and businesses
	PayPay Card	• Card transaction fees (interchange fees); PayPay Card Gold annual fees
Interest Income	PayPay Card	• Fees for revolving payments, installment payments (including Pay In Installments Later) and cash advances; late payment charges
Gains (Losses) on Financial Instruments	PayPay	• Fees for PayPay Funding
Other Operating Income	PayPay	• Gains from expired PayPay Point Codes; other miscellaneous income

Revenue Structure by Segment | Financial Service

Total Revenue	Related Services	Key Revenue Items
Transaction and Service Income	PayPay Bank	• Banking service fees (transfers, remittances, ATMs, foreign currency and other services) • Transaction fees for PayPay Debit and Visa Debit Cards
	PayPay Securities	• Investment trust management fees
Interest Income	PayPay Bank	• Interest and fees on loans • Treasury investment income
Gains (Losses) on Financial Instruments	PayPay Bank	• Gains (losses) on foreign exchange and securities trading
	PayPay Securities	• Trading and brokerage commissions on equities and other instruments • Gains (losses) from PayPay Point Investment
Other Operating Income	–	• Other miscellaneous income

Corporate Structure

Listed Company



As of Sep. 30, 2026


PayPay