

## PayPay's Key Initiatives & Indicators (First half of FY20)

~ Including new services, exciting campaigns, and safety & security.

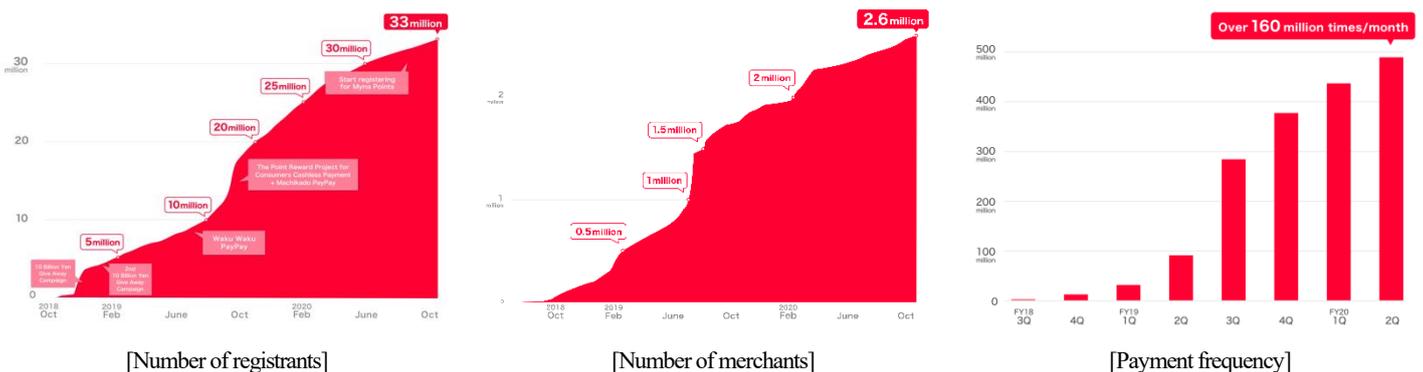
Contributing to the digitization of local communities as a platform during the COVID-19 disaster as well as the digitization of merchants ~

PayPay Corporation, a joint venture of SoftBank Group Corp., SoftBank Corp., and Yahoo Japan Corporation, is committed to providing cashless payment services. Today, we are pleased to announce our key metrics, including the number of registered users and other key initiatives we have implemented in the first half of fiscal year 2020.

The number of registered users, merchants and payment frequency grew steadily, despite the impact caused by the spread of the novel coronavirus infection (COVID-19). The number of payments, in particular, averaged more than 160 million per month in the second quarter of fiscal year 2020 (July-September), thanks to growth in the number of payments at online merchants with an expanded number of stores. The number of payments in the second quarter was more than five times higher than in the same period a year ago (second quarter of fiscal year 2019).

### 【Number of registered users, merchants, and payment frequency】

- Number of registered users : topped 33 million on October 19, 2020 (\* 1)
- Number of merchants : over 2.6 million (\* 2)
- Payment frequency : average of 160 million times or more per month in the second quarter of 2020 (\* 3)



- \* 1 Number of users who registered an account.
- \* 2 Number of registered locations such as stores and taxi operators. As of October 19, 2020.
- \* 3 Does not include the number of times users have used the "Send / Receive" feature for PayPay balance between users or the number of times they have used Alipay payment.

During the pandemic, PayPay served as a platform to promote electronic payments recommended under the New Normal and contributed to the digitization of the region together with various local governments. PayPay also supported the digitization of merchants by launching PayPay Pickup, a pre-ordering service for restaurants that promotes the use of take-out. Meanwhile, for users, we offered convenient mini-apps, promotional campaigns, and a number of safety & security initiatives, while PayPay continued to support digitization through the promotion of cashless payments, and the addition and expansion of services to improve user convenience and social productivity.

#### ■ Key Initiatives During the First Half of FY20

##### [New/Expanded Services]

- Launched "PayPay Pickup" pre-ordering service
- Additional financial services such as Mini Apps "Bonus management" and "Borrow money"
- Increase PayPay Bill Payment payees

##### [Special Offers]

- New campaigns such as "PayPay Jumbo"
- Recruitment for the Myna-Point Project and campaign

##### [PayPay as a Platform]

- Implementing initiatives to prevent the spread of COVID-19
- Launching the "Support Your Local Town Project" with local governments

##### [Safety & Security]

- Implement measures to prevent fraudulent use of PayPay and ensure the safety of all users

##### [Initiatives to help employees work more freely and at higher performance]

- Launch of "Work From Anywhere at Anytime (WFA) "

#### ■ Launch of the "PayPay Pickup" pre-ordering service

In June 2020, PayPay launched PayPay Pickup, a pre-ordering service that allows customers to complete orders in advance through the PayPay app and pick up items in stores nationwide. To prevent the spread of COVID-19, the number of stores registered for "PayPay Pickup" exceeded 10,000 in approximately 100 days (\* 4) due to the increased demand for takeout and other prepared foods. The "[PayPay Pickup Campaign](#)" will run from October 17 to November 15, 2020. When customers pay for take-out products (take-out at a store) provided by the participating stores, a 20% PayPay Bonus will be granted during the campaign period (maximum grant amount : JPY 500 per time, JPY 2,000 during the campaign).



\*4 : As of September 16, 4 2020

■ Mini Apps "Bonus management" and "Borrow money" added

"Bonus management," a service provided by One Tap BUY Co., Ltd. that allows users a simulated experience of investing using PayPay Bonuses, and "borrow money," a service provided by The Japan Net Bank that allows users to apply for and borrow money for card loans, are now available from the home screen of "PayPay". The number of users of "Bonus management" surpassed the industry's fastest record by topping 1 million on July 13, 2020 (\* 5), 90 days after its debut, reaching 1.5 million as of Sep 28, 2020. In the second half of fiscal 2020, we will continue to focus on financial services and promote a multi-partner strategy that goes beyond our own group while coordinating with financial institutions and companies that deal in financial products.



\* 5 Compared with major point management companies (auPAY Point Management, Credit Saison Permanent Immutable Point Management Service, d Point Investment, Rakuten Point Management, in order of 50 syllables) (as of June 29, 2020, One Tap BUY).

## ■ Expanded scope supported for "PayPay Bill Payments"

We have expanded the number of payees supporting PayPay Bill Payments, which allows users to complete payments at home by scanning barcoded payment slips for utility bills and tax payment requests received at home with their smartphone. PayPay Bill Payments allows users to pay their taxes and utility bills anywhere, 24 hours a day, eliminating the need to withdraw cash and saving on fees. It is also cheaper than paying at a convenience store because up to 1.5% (\* 6) of the payment amount is returned in the form of PayPay Bonus (\* 7). As of October 12, 2020, PayPay Bill Payment is supported by 1,139 organizations, and the number is expected to increase in the future. See the list of available utilities and local governments [here](#).



\* 6 Please check [here](#) to see the grant rate.

\* 7 The maximum grant amount per person is set as follows.

- "The maximum amount that can be provided at one time" : JPY 7,500 equivalent

- "Monthly grant limit" : JPY 15,000 equivalent when adding "the maximum 1.5% grant by payment with PayPay" and "service specific benefits"

## ■ New campaigns, including "PayPay Jumbo"

We combine a variety of cashless payment services and special campaigns that are unique to mobile payments. PayPay continues to offer great deals through exciting monthly campaigns at particular stores and locations. In the first half of fiscal year 2020, a new campaign by the name of "PayPay Jumbo" was launched, entailing users drawing a lottery after making a payment, and receiving a PayPay Bonus immediately after by winning. This is a new entertaining payment experience that is attracting more people to enjoy shopping more than ever before. As a new initiative this year, the campaign, previously held as "Good Shopping Day," will be held as the "[Cho PayPay Matsuri \(Super PayPay Festival\)](#)" in cooperation with SoftBank Corp. and Yahoo Japan Corporation from October 17 to November 15, 2020. "Cho PayPay Matsuri" is an umbrella term for a number of campaigns that are being held for over a month. You can enjoy shopping at a bargain price both offline and online using "PayPay". Over 30 discount campaigns such as "[Cho PayPay Matsuri! Final Jumbo](#)" are held during the period.

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## ■ "Myna-Points" applications & campaign

As part of the Myna-Point Project launched by the Ministry of General Affairs on September 1, 2020, PayPay began receiving applications to get registered as of July 1. The number of applications and registrations has already exceeded 1.5 million, and the business continues to perform well. In addition, "PayPay" has become the No. 1 (\* 8) payment service in the Myna-Point Business. As a new initiative, PayPay will introduce "[Monday Jumbo Limited to Myna-Point Registrants!](#)" for those who have registered "PayPay" for their Myna Points. The Monday Jumbo will be held every Monday (a total of 6 sessions) from November 23 to December 28, 2020. The Monday Jumbo is a lottery chance to win a PayPay Bonus (grant limit : equivalent to 100000 yen / time and day) of up to 100% of the amount paid using PayPay at a Myna-Points merchant.

9/1~ 付与開始!  
マイナポイント × PayPay  
マイナポイントにPayPayを登録すると  
残高チャージ※1 or お支払い※2 で  
上限5,000円相当 付与率25% もらえちゃう! ※3  
登録先決済サービス No.1 ※4  
マイナポイントは PayPayで!

※1 チャージ方法に関わらず上限に達するまでは「マネーライト」にチャージされます。「マネーライト」は出金できません。※2 ヤフーカード除くクレジットカードでのお支払いは対象外。※3 付与されるのはPayPayボーナスです。出金・譲渡不可。※4 マイナポイント利用状況に関する調査(2020年8月31日時点、n=10,708、調査機関:ICT総研)

\* 8 [Survey on Myna-Point usage](#) (n = 10,708, survey organization : ICT Research Institute)

## ■ Preventing the spread of COVID-19

As part of PayPay's efforts to prevent the spread of COVID-19, PayPay became a COVID-19 Tech Partner to the Tokyo Metropolitan Government, to provide a "[Novel Coronavirus Monitoring Service for Tokyo](#)" on the PayPay app. In Osaka, PayPay was selected as the app provider for the "[Osaka Okini App Project](#)", which aims to promote cashless usage in the

prefecture and further expand the Osaka Corona Tracking System. In late October, PayPay will begin offering "PayPay Table Order" (\* 9), which allows users to order and pay for food using PayPay at restaurants registered with the "Osaka Okini App Project". We have also received support from many PayPay users for support for the "[Japanese Red Cross Society in general, including the response to COVID-19](#)". We will continue to consider and implement what PayPay can do to prevent infectious diseases such as COVID-19.



\* 9 Details on how to use "PayPay Table Order" and other information will be announced shortly.

■ "Support Your Local Town Project" launched in cooperation with local government

In response to the COVID-19 impact on the local economy, in July 2020, the "[Support Your Local Town Project](#)" was launched to jointly implement activities utilizing the PayPay payment Platform with the local government. As of October 7, 2020, approximately 3 months after the launch of this project, 90 (\* 10) campaigns were decided to be implemented in 82 local governments nationwide. The use of "PayPay" enables local governments to reduce costs by eliminating the need to issue, cash-in, and print regional promotion tickets and gift certificates. At the same time, users will not have to go to a specific place to purchase gift certificates. There are many benefits for both local government and users, and we plan to increase the number of campaign implementations in the future.



\* 10 In some cases, one local government carries out multiple campaigns; the number is the total number of campaigns.

## ■ Implementation of additional security measures to prevent fraud and feel even safer using PayPay

In order to ensure the safe and secure use of cashless payment services, PayPay works in cooperation with financial institutions, uses a fraud detection system, and monitors the use of the account 24/7 with a dedicated team. If PayPay detects and determines any fraud, it will immediately suspend the account. We have also established a full compensation system in case of any damages, since August 2019. In the first half of fiscal 2020, in order to further strengthen security, we introduced a [patented application function in the SMS verification function](#), and expanded the scope of financial institutions that implement "[PayPay \(eKYC\)](#)", a way to register documents and necessary information such as a person's selfie on the PayPay application when registering a financial institution account with the identity verification. For more information on our safety initiatives in PayPay, please visit our website [here](#). PayPay will continue to create an environment in which many users can use our services safely and securely.



## ■ Started "Work From Anywhere at Anytime (WFA)", a new way of working in PayPay

On September 1, 2020, we launched Work From Anywhere at Anytime (WFA), a new way of working that allows employees to freely work anywhere in Japan and at any time in an environment where they can demonstrate their performance. By implementing WFA, we not only reduce the risk of coronavirus infections among our employees, but also achieve efficient ways of working according to the situation while giving consideration to safety in the event of a disaster. In addition, with the introduction of WFA, we redefined the office as "a place to create new value through teamwork" and "a place to increase employee engagement", not a place to work individually. Based on this definition, a new office was designed and built in cooperation with WeWork Japan Limited Liability Company as the "Office of the New Normal Era," with active communication areas and a new free address area with a significantly reduced number of seats. The office was relocated in late September. PayPay will continue WFA even after the COVID-19 infection has subsided and continue to improve the way of working.

# Work From Anywhere at Anytime

好きな場所、好きな時間で働く、新しい働き方



PayPay will continue to provide cashless payment convenience not only to users, but also to all retailers and service providers, with the aim of bringing about a world in which customers can shop with no cash at all, anywhere in Japan. PayPay will continue on the path to evolve from a "payment app" to a "super app" that makes users' lives richer and more convenient, fostering a world of "Anytime, Anywhere with PayPay".

## ■ Primary features of PayPay - the cashless payment service

PayPay is a cashless payment service that continues to expand across Japan, available not only in major chain stores but also at small to medium scale retail stores, vending machines, taxis and even public transport. It is also available in various other scenarios including payments for online services and bill payments such as utility costs. PayPay has also expanded its breadth to services other than just payments, such as the "send/receive" feature that enables users to send PayPay balance (PayPay Money and PayPay Money Lite) between each other for free, or "bonus management" service which enables a simulated investment experience by exchanging PayPay bonuses with points provided by a Type 1 Financial Instruments Business Provider. PayPay also strives to create an environment that ensures a safe & convenient user experience, through measures such as providing a hotline where inquiries are accepted 24/7, and providing full compensation, in principle, in the event when users are caused any damages.

PayPay Corporation is registered as follows.

- Prepaid Payment Instruments (third party type) Issuer Registration Number : Director of Kanto Finance Bureau No. 00710
- Fund Transfers Business Operator Number : #00068, Director-General of the Kanto Finance Bureau

\*There are 4 types of "PayPay" (PayPay balance): PayPay Money, PayPay Money Lite, PayPay Bonus and PayPay Bonus Lite. PayPay money can be used for payments at partner services and merchants as long as the amount is within the amount deposited into the PayPay account opened the identity verification process required by PayPay. It can also be used for sending and receiving money between PayPay users free of charge. It is also possible cashout PayPay money to a specified bank account (no cashout fee when using The Japan Net Bank). This is legally classed as an electromagnetic record which can be used for the payment of the price of goods, etc., and can be remitted and paid out, and it is issued by the Company as a Fund Transfer Operator registered under Article 37 of the Act on Fund payment. PayPay Money Lite is a e-money issued by PayPay, which can be purchased and used for joint services and payment in merchant. In addition, PayPay users can transfer and receive this free of charge. This legal classification refers to the Prepaid Payment Instruments issued by PayPay (Article 3, Paragraph 1 of the Payment Services Act). In addition, the PayPay Bonus and PayPay Bonus Lite, which are granted through campaigns and promotions when using PayPay, can be used for partner services and merchants as well as PayPay Money and PayPay Money Lite. However, it cannot be sent or transferred between PayPay users. PayPay Bonus Lite has an expiration date, after which it will expire.

We are also working to create an environment in which users can use our products with confidence. In the event that an unexpected payment request occurs in a PayPay Account due to a third person, or in the event that a payment request occurs from PayPay even though you do not have a PayPay Account, you will be able to receive compensation for the amount of the damages sustained (in the case of receiving compensation from a third party, the amount of compensation deducted) on the assumption that the prescribed compensation conditions are met. Please see [here](#) for details.

\* The company name, trade name, and product / service in this press release are registered trademarks or trademarks of their respective companies.