



July 27th, 2022

To whom it may concern:

Z Holdings Corporation
Kentaro Kawabe
President and Representative Director, Co-CEO
Stock Code: 4689

**Notice Concerning Conversion of PayPay Corporation into a
Consolidated Subsidiary (Third-Generation Subsidiary) through Share Delivery**

Z Holdings Corporation (the “Company” or “Z Holdings”), at the Board of Directors meeting held today, has resolved to sign a transaction agreement (the “Transaction Agreement”) with SoftBank Corp. (“SoftBank”) (President and CEO: Junichi Miyakawa) related to a series of transactions to convert PayPay Corporation (“PayPay”) (President & Representative Director, CEO, Corporate Officer: Ichiro Nakayama) into a consolidated subsidiary of the Company (the “Transaction”). The two companies signed the Transaction Agreement dated July 27th, 2022.

In accordance with the Transaction Agreement, B Holdings Corporation (“B Holdings”), which is scheduled to be established by Z Intermediate Holdings Corporation (“Z Intermediate”), a wholly-owned subsidiary of the Company, shall become the parent company upon the share delivery and PayPay shall become the subsidiary upon the share delivery. B Holdings shall implement the share delivery to convert PayPay into a consolidated subsidiary (third-generation subsidiary) of the Company (the “Share Delivery”). This announcement is to inform concerned parties that the Transaction will result in a change in subsidiaries (third-generation subsidiary) of the Company.

1. Objective and Aim of the Transaction

Since its business integration with LINE Corporation (present A Holdings Corporation) implemented in March 2021, Z Holdings Group has been engaged in solving various social issues through synergies with diverse group companies, mainly through its three action points, which all are essential to daily life: connection of “Information & People” (Yahoo! JAPAN), “People & People” (LINE), and “People & Payments” (PayPay). The goal is to grow into an AI tech company that will lead the world by establishing a unique ecosystem that distinguishes itself from other global IT companies through collaboration with group companies. PayPay provides a cashless payment service “PayPay”, which is one of the Company’s three action points. The service has acquired a 48.65 million cumulative registered users in 3 years and 9 months since its inception. The users have access to merchants in 3.74 million locations*¹, and PayPay is achieving a rapid growth as a social infrastructure.

Thus far, PayPay has SoftBank Group Corp. (“SoftBank Group”) as a parent company and has achieved growth by its shareholders including Z Holdings Group and SoftBank bringing together their strengths. Through this Transaction, whereby the Company and SoftBank will jointly manage B Holdings, and whereby Z Holding will consolidate PayPay, the Company believes it will not only solve more social issues but also can maximize the corporate values of Z Holdings Group and PayPay through the following measures. Therefore, Z Holdings has decided to execute the Transaction.

① Increasing PayPay revenue opportunities

PayPay, thus far, has actively carried out investments to expand its business infrastructure. From October 2021 onward, PayPay has begun to implement several business strategies for monetization, including charging a merchant fee. Going forward, to further expand revenue opportunities, PayPay requires the expansion of its user base and the diversification of its revenue sources. Specifically, expanding user base through collaborations with LINE users and linking IDs, which are under preparation, as well as diversifying its financial services beyond payment services, will be important to realize continuous growth of PayPay. As such, Z Holdings Group and PayPay need to collaborate more closely than before.

② Technology-driven financial services provided by PayPay

By making PayPay’s financial services into product-driven, highly user-friendly, with superior UI/UX, linked with various

services, and a unique Internet driven financial service, it is believed that further growth is possible. In light of this, in addition to financial/O2O services, by providing highly interoperable media and EC services, and converting PayPay into a consolidated subsidiary of the Z Holdings Group, with engineers, personnel, etc. for development, shall contribute to the growth of PayPay .

③ Accelerate/optimize affiliations between group companies

The consolidation of PayPay will create stronger ties from a financial performance perspective, which shall enable more smooth operation of the business and create synergies based on shared visions. It should be noted that collaborations between the Company and SoftBank, created by the shift from non-consolidated to consolidated ties in June 2019, also has produced synergies: an increase in the number of members through links with premium members, a rise in EC transaction value, an improvement in convenience through the linking of Yahoo! JAPAN IDs and PayPay IDs, and collaboration in ad sales.

It should also be noted that the synergies between Z Holdings Group and PayPay will not only be the previously discussed user collaborations and financial/O2O collaborations but also expansion into new markets in both toB and toC through combination with Z Holdings Group's businesses and assets by using user and merchant bases of PayPay. Consequently, the Transaction is expected to maximize revenue opportunities for Z Holdings Group.

In addition, it is said that SoftBank expects a further maximization of group synergies through collaborations between PayPay's user and its merchant bases and SoftBank's communication and corporate client base.

Also, on the same day as the date this Transaction will take effect, after PayPay Card Corporation ("PPCD") acquires the acquiring business, operated by Yahoo Japan Corporation ("Yahoo Japan"), PPCD is scheduled to be transferred under PayPay (the "Business Transfer"). Users consider both credit card services and smartphone payment services as the same type of services, payments. Thus, by operating both PPCD, which operates credit cards (PayPay Card), and PayPay, which operates smartphone payment services, together, the further growth of payment services is expected. Z Holding Group aims to expand its share in the cashless payment market through this Business Transfer, which will broaden payment options for users, including credit card payments and QR code payment. Specifically, in addition to the implementations of the "PayPay Atobarai" (deferred payment) and PayPay Card businesses, joint promotions from the implementations are accelerating the shift to the PayPay Card as the main card for PayPay members. Additionally, synergies such as product-driven acquisition of users are expected while simultaneously improving the effectiveness of acquisition costs. The Company also believes that these synergies will provide PayPay users and PayPay Card users with better convenience experiences and greater value.

In conjunction with this, by separating capital management between its financial business and Internet business, the Company, in tandem with the Business Transfer, aims to operate financial management systems, in-line with the characteristics of each business.

*1: As of June 30, 2022. Cumulative number of PayPay registered locations (e.g. stores, taxis, etc.)

2. Summary of the Transaction

(1) Summary of the Transaction

On July 27th, 2022, the Company decided to sign the Transaction Agreement related to this Transaction with SoftBank.

The summary of the Transaction is composed of the following transactions described below (refer to the attached materials for details).

- ① Z Intermediate shall establish B Holdings. SoftBank will then investment into B Holdings (the "Investment") in order for SoftBank and Z Intermediate to hold an equal ownership ratio (50:50) in B Holdings.
- ② Owing to the method for the payout of dividends-in-kind, (i) Yahoo Japan, a subsidiary of the Company, shall transfer all of its common shares and Class A preferred shares in PayPay to Z Intermediate, and (ii) of these common shares, 163,196 shares shall be transferred to Z Holdings (hereafter, (i) and (ii) shall collectively be referred to the "Dividends-in-kind").
- ③ After the date the effective dates of the Investment and the Dividends-in-kind, SoftBank and Z Intermediate shall respectively exercise their rights to request acquisition*2 of PayPay Class A preferred shares. On the date the Share Delivery takes effect (however, prior to the effective date of the Share Delivery), all Class A preferred shares shall be converted into PayPay common shares (the "Conversion of Share Class").
- ④ B Holdings shall implement the Share Delivery. SoftBank and Z Intermediate shall supply B Holdings with 796,804 PayPay common shares that are held by Z Intermediate and SoftBank respectively after the Conversion of Share Class on the effective date of the Share Delivery. Based on the share delivery plan, B Holdings will deliver to SoftBank and Z Intermediate: one (1) Class A

preferred share for one (1) common share of PayPay.

*2. By exercising the rights for an acquisition request, PayPay shall, in exchange for acquiring Class A preferred shares, deliver one common share to the shareholders of each of these Class A preferred shares.

Owing to the Transaction, B Holdings shall acquire a majority of voting rights in PayPay, making it the parent company. In addition, Z Holdings shall acquire the nomination rights for the majority of directors that will sit on B Holdings*3. Accordingly, PayPay will be consolidated to the Company through Z Intermediate and B Holdings. As a result, PayPay is expected to be a subsidiary (third-generation subsidiary) of the Company.

*3. The Company signed with SoftBank a shareholders' agreement, in which the target company is B Holdings, effective today (the "Shareholders' Agreement"). Should the Share Delivery take effect, the Shareholders' Agreement stipulates that the Company have the right to nominate the majority of directors that compose the Board of Directors of B Holdings.

(2) Schedule for the Transaction

July 27 th , 2022	Execution of the Transaction Agreement
by September 30 th , 2022	Establishment of B Holdings (target)
by September 30 th , 2022	Effective date of the Dividends-in-kind (target)
October 1 st , 2022	Effective date of the Investment (target)
October 1 st , 2022	Effective date of the Conversion of Share Class and the Share Delivery (completion of the Transaction) (both targets)

Note: The above schedule is subject to change reflecting the necessity to carry out procedures for the Transaction and for other reasons.

3. Summary of the Share Delivery

(1) Schedule for the Share Delivery

Preparation of a share delivery plan	Mid-September, 2022 (target)
Approval of the share delivery plan at the general meeting of shareholders for B Holdings	Mid-September, 2022 (target)
Offering deadline for the share transfer by the subsidiary upon the share delivery	September 30 th , 2022 (target)
Effective Date of the Share Delivery	October 1 st , 2022 (target)

Note: The above schedule is subject to change reflecting the necessity to carry out procedures for the Share Delivery and for other reasons.

(2) Method of the Share Delivery

The Share Delivery stipulates B Holdings as the parent company upon the share delivery and PayPay as the subsidiary upon the share delivery. In addition, the offering deadline for the transfer of shares to the subsidiary upon the Share Delivery is September 30th, 2022. By this date, SoftBank and Z Intermediate are scheduled to sign a stock transfer agreement with B Holdings, which agrees that B Holdings receives 796,804 PayPay shares from SoftBank and Z Intermediate respectively (a total of 1,593,608 PayPay shares) for the Share Delivery (SoftBank and Z Intermediate holds 796,804 shares each out of 1,756,804 PayPay's common outstanding shares post the Conversion of Share Class). In the event the stock transfer agreement is signed, in accordance with Article 774-6 of the Companies Act, procedures stipulated in Article 774-4 (application for the transfer of shares of the subsidiary in the share delivery) and Article 774-5 (allocation of shares of the subsidiary in the share delivery which the parent company in the share delivery will receive) will not be carried out.

(3) Details of allocation concerning the Share Delivery

B Holdings shall allocate and deliver its Class A preferred shares based on allocation of one (1) Class A preferred share for one (1) PayPay common share. In the Share Delivery, B Holdings will not deliver any considerations for Class A preferred shares in PayPay. In addition, the lower limit for the number of PayPay common shares to be received by B Holdings is 1,593,608 shares, and the lower limit for the number of PayPay Class A preferred shares to be received by B Holdings is zero (0) share.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights in tandem with the Share Delivery

No applicable matters.

PayPay, which is the subsidiary upon the Share Delivery, is issuing stock acquisition rights as of the date of this announcement but these stock acquisition rights cannot be acquired through transfer in the Share Delivery.

4. Calculation method for stock allocation in the Share Delivery

B Holdings shall allocate and deliver one (1) B Holdings Class A preferred share for one (1) PayPay common share. The receipt and allocation of common shares shall only apply to Z Intermediate and SoftBank, whom each owns the same number of B Holdings common shares. As stipulated in “3. (2) Method of Share Delivery” above, B Holdings shall receive 796,804 PayPay common shares that are held by Z Intermediate and SoftBank respectively after the Conversion of Share Class. Based on the total number of shares outstanding of PayPay and B Holdings on October 1st, 2022, the number of PayPay common shares allocated for the Share Delivery is determined after discussions between the Company, the parent company of Z Intermediate, and SoftBank, taking into account the financial position and future outlook of both companies.

5. Profiles of parties to the Share Delivery

	Parent company upon share delivery	Subsidiary upon share delivery
(1) Name	B Holdings Corporation	PayPay Corporation
(2) Address	1-3 Kioicho, Chiyoda-ku, Tokyo	1-3 Kioicho, Chiyoda-ku, Tokyo
(3) Position and name of representative	Ryosuke Sakaue, Representative Director (as of establishment) Note: Kentaro Kawabe and Junichi Miyakawa are scheduled to be appointed on and after the effective date of the Share Delivery	Ichiro Nakayama, President and Representative Director, CEO, Corporate Officer
(4) Business description	Management of group companies and peripheral operations	Development/provision of e-payment services such as mobile payments
(5) Capital	75 million yen	121,800 million yen

(6)	Date of establishment	September 2022 (target)	June 15 th , 2018														
(7)	Number of shares outstanding	15 shares (at time of establishment) (target) (Note 1)	(as of June 30 th , 2022) Number of common shares: 1,660,000 shares Number of Class A preferred shares: 1,090,000 shares														
(8)	Month of fiscal year closing	March	March														
(9)	Headcount	0 employees	(as of March 31 st , 2022) 1,846 employees														
(10)	Major customers	No applicable matters	No applicable matters														
(11)	Main banks	No applicable matters	No applicable matters														
(12)	Major shareholders & shareholding ratios	Z Intermediate Holdings Corporation: 100% (at time of establishment) (Note 2)	<table border="0"> <tr> <td>Common shares</td> <td>(Ratio of common shares held)</td> </tr> <tr> <td>SVF II Piranha (DE) LLC</td> <td>50.0%</td> </tr> <tr> <td>SoftBank Corp.</td> <td>25.0%</td> </tr> <tr> <td>Yahoo Japan Corporation</td> <td>25.0%</td> </tr> <tr> <td>Class A preferred shares</td> <td>(Ratio of Class A preferred shares held)</td> </tr> <tr> <td>SoftBank Corp.</td> <td>50.0%</td> </tr> <tr> <td>Yahoo Japan Corporation</td> <td>50.0%</td> </tr> </table> (as of June 30 th , 2022)	Common shares	(Ratio of common shares held)	SVF II Piranha (DE) LLC	50.0%	SoftBank Corp.	25.0%	Yahoo Japan Corporation	25.0%	Class A preferred shares	(Ratio of Class A preferred shares held)	SoftBank Corp.	50.0%	Yahoo Japan Corporation	50.0%
Common shares	(Ratio of common shares held)																
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Class A preferred shares	(Ratio of Class A preferred shares held)																
SoftBank Corp.	50.0%																
Yahoo Japan Corporation	50.0%																
(13)	Relationship between the concerned corporate entities																
	Capital ties	The Company, through Z Intermediate, shall establish B Holdings. Through the Investment by SoftBank, Z Intermediate and SoftBank shall have an equal ownership ratio (50:50) in B Holdings. As of the date of this announcement, the Company, through Yahoo Japan, shall have an indirect holding of 415,000 PayPay common shares (25.0% of the total 1,660,000 common shares outstanding as of June 30 th , 2022) and 545,000 Class A preferred shares (50% of the total 1,090,000 Class A preferred shares as of June 30 th , 2022).															
	Human resource relations	The Company is scheduled to nominate/dispatch 3 directors (of which 1 will be a representative director) and 1 corporate auditor of B															

		Holdings. As of the date of this announcement, four officers from the Company and Yahoo Japan are concurrently serving as 3 directors and 1 corporate auditor of PayPay.
	Business partnerships	Through the Company's subsidiaries, following business are implemented: the collaboration between Yahoo! JAPAN IDs and PayPay IDs, the transactions related to the introduction of PayPay payments at Ecommerce and provision of PayPay points, and the collaborative marketing campaign using PayPay to the ads clients of Yahoo Japan and LINE.
	Applicability to related parties	As stipulated in 2. (1) Summary of the Transaction above and 7. Summary of accounting procedures, below, in accordance with the Transaction, B Holdings will become a subsidiary of the Company. After the completion of the Transaction, B Holdings is scheduled to become a related party. In addition, through Yahoo Japan's holdings, the Company holds 25% voting rights in PayPay. PayPay is an affiliate and a related party of the Company. As stipulated in 2. (1) Summary of the Transaction above and 7. Summary of accounting procedures, below, in accordance with the Transaction, PayPay will become a subsidiary of the Company. After the completion of the Transaction, PayPay is expected to remain a related party of the Company.

(14) Business performance and financial position in the most recent 3-year period (Million yen; excluding specially mentioned items)

Month for fiscal year book-closing	B Holdings Corporation			PayPay Corporation		
				Fiscal year ended March 31 st , 2020	Fiscal year ended March 31 st , 2021	Fiscal year ended March 31 st , 2022
Equity or net assets attributable to the owners for the company	—	—	—	40,046	37,118	116,769
Total assets	—	—	—	289,751	495,705	706,732
Per-share equity or per-share net assets attributable to owners of the company (Yen)	—	—	—	-136,153.05	-75,636.27	-130,498.32
Revenue	—	—	—	9,160	29,989	57,442
Operating income	—	—	—	-83,460	-71,985	-59,591
Income before income taxes or Ordinary income	—	—	—	-85,562	-71,199	-59,983
Net income attributable to owners of the parent	—	—	—	-85,606	-71,246	-60,023
Basic net income per share or net income per share (Yen)	—	—	—	-106,457.41	-79,416.81	-78,203.44
Dividends per share	—	—	—	—	—	—

Note 1. After the Investment and the Share Delivery take effect, the number of the shares outstanding will be 1,593,638; the number of the common shares will be 30; and the number of Class A preferred shares will be 1,593,608.

Note 2. Through the Investment, Z Intermediate and SoftBank shall have an equal ownership ratio (50:50) in B Holdings

6. Status after the Share Delivery

	Parent company upon share delivery
(1) Name	B Holdings Corporation
(2) Address	1-3 Kioicho, Chiyoda-ku, Tokyo
(3) Position and name of representative	Kentaro Kawabe, President and Representative Director Junichi Miyakawa, Chairman and Representative Director
(4) Business description	Management of group companies and peripheral operations
(5) Capital	150 million yen
(6) Month for fiscal year book-closing	March
(7) Net assets	(To be decided)
(8) Total assets	(To be decided)

7. Summary of accounting procedures

After the implementation of the Transaction, the Company shall hold 50% of shares in B Holdings. Given this satisfies the controlling requirements under consolidated financial statement standards, B Holdings and PayPay are scheduled to become subsidiaries of the Company, and shall be included in the consolidated financial statements.

8. Matters related to transactions with controlling shareholders

(1) Compliance with guidelines on the relevance of transactions with controlling shareholders and related to policies on measures to protect minority shareholders

SoftBank, which is a consolidated parent company of A Holdings Corporation that has 4,853,802,475 common shares of the Company (ownership ratio: 64.8%), is the parent company of the Company. Therefore, the conversion of PayPay into a consolidated subsidiary through the Share Delivery by which shares of PayPay will be allocated to Z Intermediate and SoftBank, is regarded as transactions with a controlling shareholder, under the securities listing regulations established by the Tokyo Stock Exchange.

The “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder” in the corporate governance report disclosed by the Company on June 24th, 2022 states that “Z Holdings Corporation has enacted ‘Regulations for Appropriate Business Transactions and Practices by Z Holdings Corporation, its Parent Company, Subsidiaries, and Affiliates.’ In accordance with these regulations, Z Holdings Corporation strives to maintain its commitment to fair and proper transactions by expressly forbidding clearly advantageous or disadvantageous transactions with its parent company, etc. which are judged by comparing transactions with a third party or with other similar transactions, and performing of transactions for the purpose of shifting profits, losses, or risks. In addition, the Company mandates that certain transactions and actions with the parent company be discussed by the Governance Committee.”

Measures stated in “(2) Matters concerning measures to ensure fairness and measures to avoid conflicts of interest” below are being taken to prevent transactions that are disadvantageous to minority shareholders in the conversion of PayPay into a consolidated subsidiary through the Share Delivery. Therefore, various terms and conditions for this Share Delivery are being decided based on a decision making process that eliminates arbitrariness due to impact from SoftBank. As such, the terms and conditions have been determined to conform with the guidelines.

(2) Matters concerning measures to ensure fairness and measures to avoid conflicts of interest

SoftBank is the parent company of the Company. Accordingly, the conversion of PayPay into a consolidated subsidiary through the Share Delivery is regarded as important transactions with controlling shareholders under the securities listing regulations established by the Tokyo Stock Exchange. Therefore, measures are being taken to ensure fairness and to avoid conflicts of interest, so that the transactions are not disadvantageous to minority shareholders.

First, as stated in “4. Calculation method for stock allocation in the Share Delivery” stated above, when the Share Delivery is executed, Z Intermediate and SoftBank shall receive the Class A preferred shares in B Holdings under the same terms and conditions in exchange for the same number of common shares in PayPay held by each of Z Intermediate and SoftBank.

Taku Oketani, a director at the Company, served as a managing officer at SoftBank until June 2021. In addition, he is also

working concurrently as an advisor to the CEO Office at SoftBank. With a view to eliminating arbitrariness from the Company's decision-making process when considering and making decisions on the Transaction, Mr. Oketani does not participate in deliberations and resolutions related to the Transaction at the Board of Directors meeting, or does not participate in discussions and negotiations with SoftBank, either. Accordingly, the independence of decisions has been ensured. In addition, Kentaro Kawabe, representative director at the Company, is concurrently serving as a director for SoftBank and its parent company, SoftBank Group. However, Mr. Kawabe does not participate in the decision-making process related to the Transaction at SoftBank and SoftBank Group or participate in discussions and negotiations with the Company from the position of SoftBank and SoftBank Group either. In other words, Mr. Kawabe is only participating in the discussions and negotiations related to the Transaction from the position of the Company. Consequently, we believe that SoftBank and the SoftBank Group had no impact on the decision making process of the Company.

It should be noted that nine directors out of 10 directors (Kentaro Kawabe, Takeshi Idezawa, Jungho Shin, Takao Ozawa, Jun Masuda, Yoshio Usumi, Maiko Hasumi, Tadashi Kunihiro and Rehitto Hatoyama) attended the Board of Directors meeting of the Company held on July 27th, 2022. The exception is Taku Oketani who does not participate in deliberations and resolutions related to the Transaction for the reasons mentioned above. Based on a unanimous decision by the attending directors, the implementation of the Transaction was approved. Also, in order to ensure the fairness of the Transaction, the Company explained to, and obtained approval from, the Governance Committee consisting of four outside directors from time to time, regarding policy on negotiations with SoftBank and other relevant issues. These four outside directors (Tadashi Kunihiro, Yoshio Usumi, Maiko Hasumi and Rehitto Hatoyama) who sit on the Governance Committee are independent directors of the Company and do not have a stake in SoftBank or conflicts of interest with general shareholders. In addition, as stated in "(3) Summary of opinion obtained from a third party with no interests with controlling shareholders that the Transaction is not disadvantageous to minority shareholders" below, the Company obtained a report on July 25th, 2022, from the Governance Committee on the decision by the Company to convert PayPay into a consolidated subsidiary through the implementation of the Share Delivery and that the Transaction is not a disadvantage to minority shareholders.

(3) Summary of opinion obtained from a third party with no interests with controlling shareholders that the Transaction is not disadvantageous to minority shareholders

The Company decided to convert PayPay into a consolidated subsidiary by implementing the Share Delivery, and requested the Governance Committee to provide an opinion on whether this would be disadvantages to minority shareholders. The committee is comprised of four outside directors (Tadashi Kunihiro, Yoshio Usumi, Maiko Hasumi and Rehitto Hatoyama), who are independent directors and do not have a stake in SoftBank or conflicts of interest with general shareholders. The Governance Committee conducted an examination based on the explanations by the Company, including the purpose of the Transaction including the Share Delivery, the various terms and conditions for the Share Delivery and the Shareholder's Agreement, and the appropriateness and fairness of the procedures for decision-making regarding the Transaction. Consequently, on July 25th, 2022, the Company obtained a report from the Governance Committee the decision by the Company to convert PayPay into a consolidated subsidiary through the implementation of the Share Delivery is not disadvantages to minority shareholders for the following reasons.

(1) Purpose of the Transaction

The Transaction will be implemented for the purposes below. It is considered to maximize Z Holdings Group's corporate value.

- By converting PayPay into a consolidated subsidiary of the Company and strengthening the relationship, it will enable more smooth operation of the business and create synergies based on shared visions.
- By converting PayPay into a consolidated subsidiary, the Company can also expand to new markets in both toB and toC.
- Currently, PayPay has begun to implement several businesses strategies for monetization. To further expand the revenue opportunities, PayPay requires expansion of its user base and diversification of its revenue sources; thus, Z Holdings Group and PayPay need to collaborate more closely than before.
- By providing highly interoperable media and EC services, and converting PayPay into a consolidated subsidiary of the Z Holdings Group, with engineers, personnel, etc. for development, this transition will contribute to the growth of PayPay, which deploys financial services while possessing the uniqueness of the Internet.

- Synergies between SoftBank and PayPay are expected through the collaboration between PayPay's users and its merchant base and SoftBank's communications and its corporate customer base. These synergies will lead to the maximization of the corporate value of Z Holdings Group.
- The Business Transfer is also scheduled along with the Transaction. Through this, it is possible for the Company to aim to further expand its cashless market share. Moreover, by separating capital management between its financial business and Internet business, the Company, in tandem with the Business Transfer, aims to operate financial management systems, in-line with the characteristics of each business.
- The Company has conducted an examination of risks, such as the financial impact on the Company, the impact on future business partners, and the impact on the competition environment of the market, which will be assumed when implementing the Transaction, as well as measures in case the risks are realized. There are no unreasonable points in the contents of the examination and there is a low possibility that the disadvantages will exceed the advantages through the Transaction.

(2) Method for conducting the Transaction

For the conversion of PayPay into a consolidated subsidiary of the Company, the Share Delivery at B Holdings shall be applied, and we believe that it is reasonable for the following reasons.

- As stated above, the Transaction will be jointly carried out by the Company and SoftBank. The purpose of joint management is to promote larger synergies than those created by individually coordinating with PayPay. In light of this, the Company and SoftBank need to fully support PayPay to create synergies based on the shared goals through B Holdings.
- By implementing the Share Delivery and concentrating PayPay common shares held by the Company and SoftBank, which holds 57.9% of outstanding shares at B Holdings, it will be possible for the Company and PayPay to build and maintain stable consolidated ties.

(3) Terms and conditions of the Transaction

The Transaction is considered reasonable for the following reasons.

- For the Share Delivery, Z Intermediate and SoftBank shall receive the same number of Class A preferred shares in B Holdings in exchange for the same number of common shares in PayPay after the Conversion of Share Class. Additionally, as Z Intermediate and SoftBank, which hold the same number of B Holding common shares, will receive the B Holding Class A preferred shares, it is unlikely that the implementation of the Share Delivery will adversely affect the interests of minority shareholders of the Company, assuming there are no unreasonable points in the Shareholder's Agreement.
- The terms of the Share Delivery have been negotiated between the Company and SoftBank, and the terms and conditions have been determined based on the total number of outstanding shares of PayPay and B Holdings as of October 1st, 2022, and taking into an account the financial situation and business outlook, etc. of both companies, and there are no unreasonable points.
- Based on the Shareholders' Agreement, the Company has the right to nominate a majority of the board of directors of B Holdings. This agreement shall make B Holdings a subsidiary of the Company. In addition, the Shareholders' Agreement is reasonable for the purpose of the Transaction, and there are no unreasonable provisions to the Company.

(4) Appropriate and fair measures for appropriate decision-making processes and to eliminate the arbitrariness of the decision-making process

For consideration of, and a decision on, the Transaction, appropriate and fair measures shall be taken to eliminate the arbitrariness of the decision-making process; therefore, it's considered that this decision-making process is appropriate.

In examining the Transaction, the Company has appointed Mori, Hamada & Matsumoto as its legal counsel. The Company conducted serious consideration of the rationality of the Transaction and fairness of procedures while receiving advice from experts. In addition, the Governance Committee appointed Nishimura & Asahi as its proprietary legal advisor, which is independent from the Company and SoftBank, and received expert advice.

In examining and making a decision on the Transaction, appropriate and fair measures were taken to eliminate the arbitrariness from the Company's decision-making process as stated in (2) Matters concerning measures to ensure fairness and measures to avoid conflicts of interest.

9. Forecast

The impact to earnings in and after the fiscal year ending March 31st, 2023 from this deal is currently under close scrutiny. In the event the necessity of new disclosure related to this deal arises, the Company will make prompt notification.

(Reference) Consolidated earnings forecasts for the current fiscal year (announced on April 28th, 2022) and results for the previous fiscal year

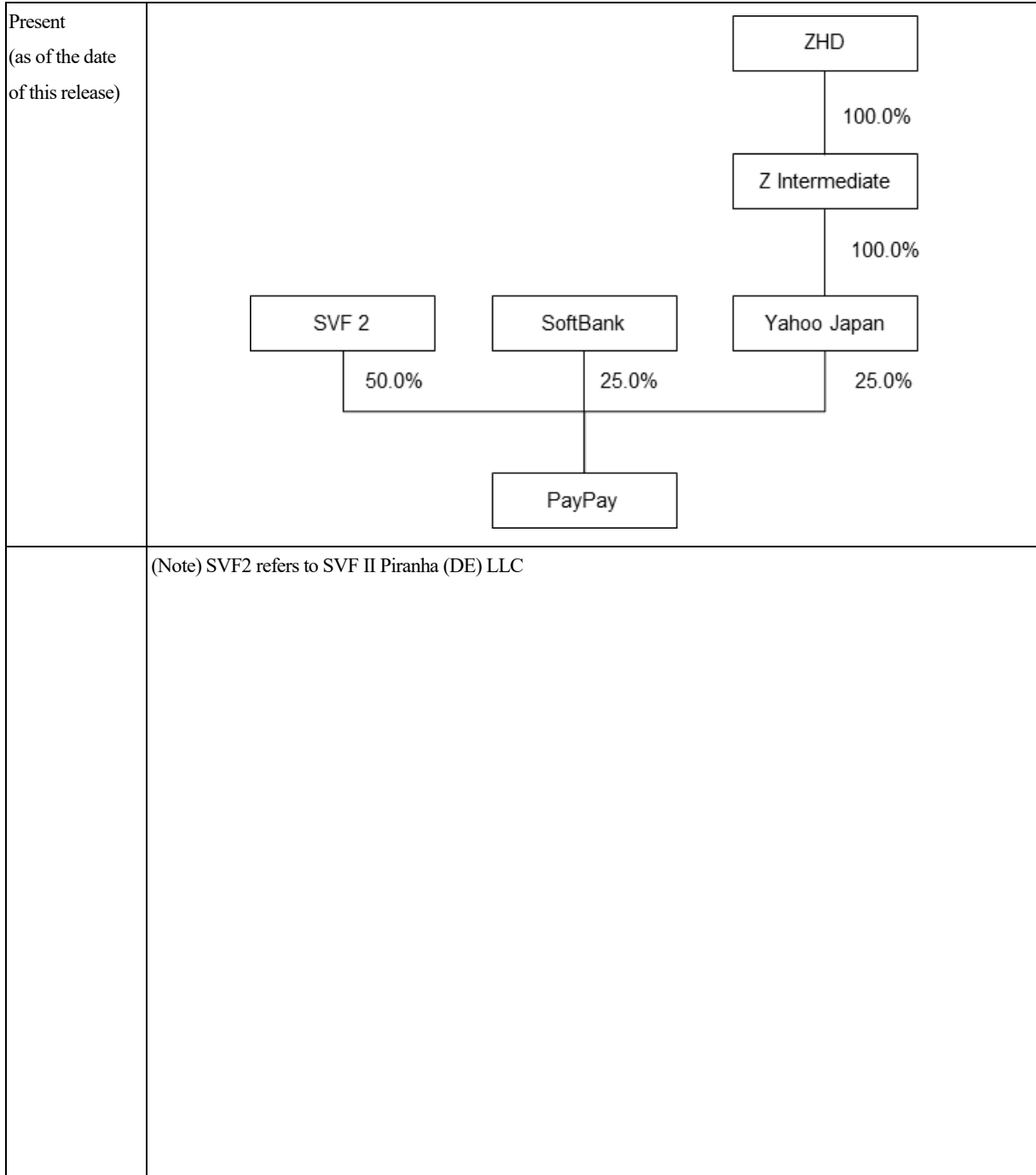
	Revenue	Adjusted EBITDA
Consolidated earnings forecasts (fiscal year ending March 31 st , 2023)	1,724,000 million yen	331,500 million yen–340,000 million yen
Consolidated earnings results (fiscal year ended March 31 st , 2022)	1,567,421 million yen	331,486 million yen

Disclaimer

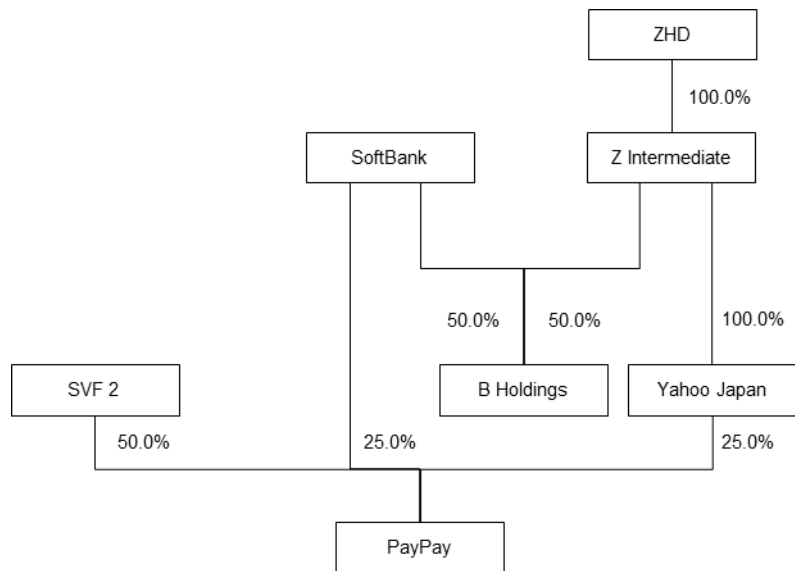
This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.

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<Attached materials: Diagram of the scheme for the Transaction>

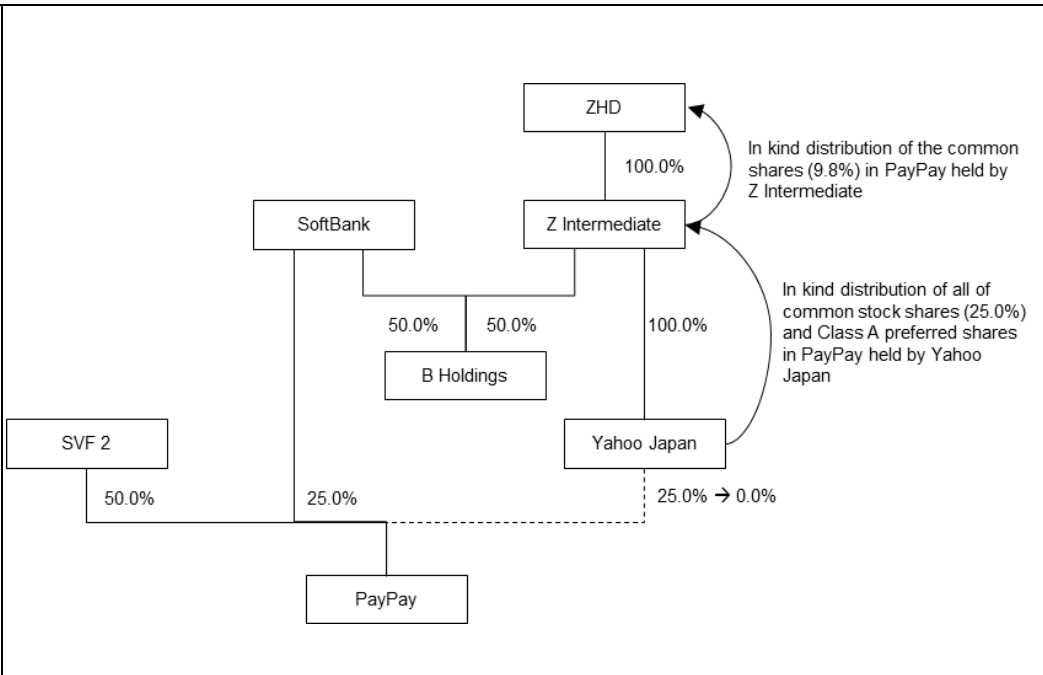


(1) Z Intermediate shall establish B Holdings. SoftBank will hold an equal share (50:50) in B Holdings



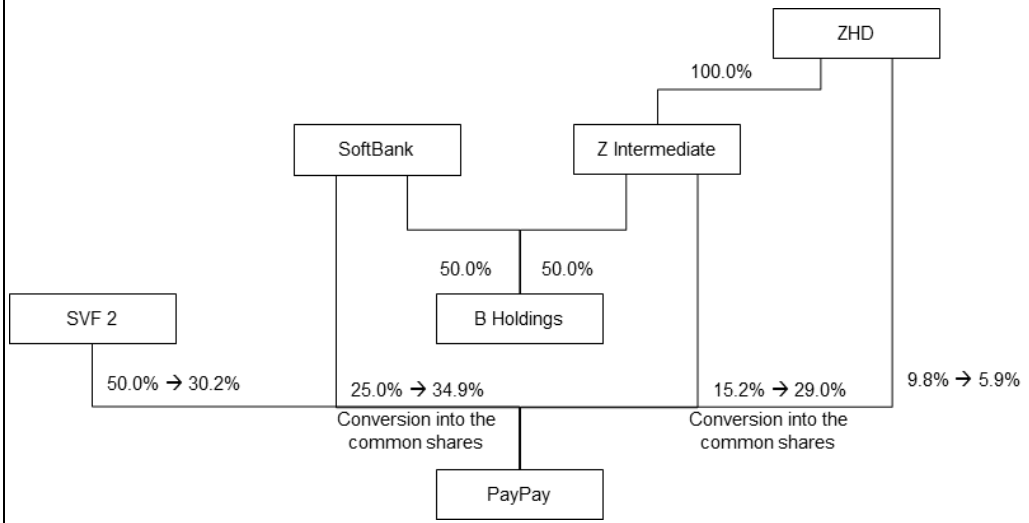
① Z Intermediate shall establish B Holdings. SoftBank will then investment into B Holdings in order for SoftBank and Z Intermediate to hold an equal ownership ratio (50:50) in B Holdings.

(2) Payment of in-kind dividends to Z Holdings and Z Intermediate for the common shares and Class A preferred shares in PayPay held by Yahoo Japan



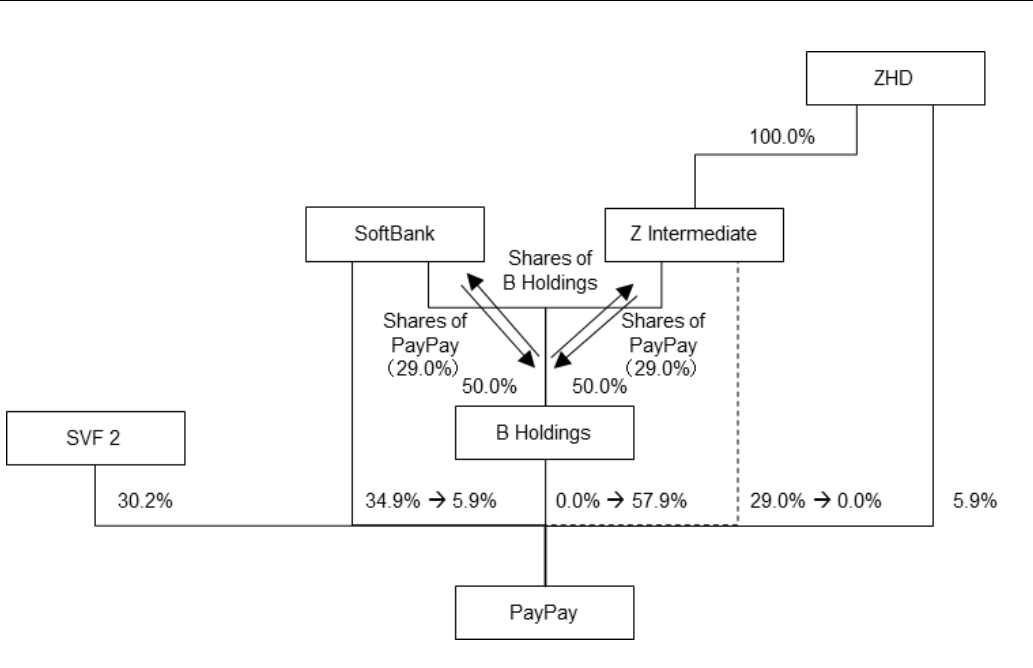
- ② Owing to the method for the payout of dividends-in-kind, (i) Yahoo Japan, a subsidiary of the Company, shall transfer all common shares and Class A preferred shares in PayPay to Z Intermediate, and (ii) of these common shares, 163,196 shares shall be transferred to Z Holdings

(3) Conversion of PayPay Class A preferred shares held by SoftBank and Z Intermediate into common shares



③ After the effective dates of (1) the Investment and (2) Dividends-in-kind, all Class A preferred shares held by SoftBank and Z Intermediate shall be converted into PayPay common shares, due to Conversion of Share Class.

(4) Share delivery that stipulates B Holdings as the parent company and PayPay as the subsidiary



④ B Holdings shall implement the Share Delivery. SoftBank and Z Intermediate shall supply B Holdings with 796,804 PayPay common shares that are held by Z Intermediate and SoftBank respectively after the Conversion of Share Class. Based on the share delivery plan, B Holdings will deliver to SoftBank and Z Intermediate: one (1) Class A preferred share for one (1) common share of PayPay.

After the Transactions

