

PayPay IPO: Monetizing Japan's Leading Cashless Platform

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IPO Profile

IPO Date	2026/03/12
Stock Exchange	Nasdaq
Listing Ticker	PAYP.US
IPO proceeds	\$880 M
Listing Method	American Depositary Shares (ADSs)
Expected Listing Price	\$16.00
Underwriters	Goldman Sachs & Co. LLC, J.P. Morgan, Mizuho Securities USA LLC, and Morgan Stanley & Co. LLC

Company Profile



Founder (Year)	Softbank Group, Yahoo! Japan (2018)
Pre-Money	\$10.2bn
Post-Money	\$10.7bn
Industry	Fintech (Digital Payment)
Revenue Breakdown (FY24-25)	• \$2bn - \$2.4bn • Payment Fees 70%, Financial Services 15%, Ads 10%, PayPay Card 5%
EV/Revenue	6.3x
Key Strategic Investors	Softbank Group, LY Corporation, VISA, QIA, ADIA

Deal Structure

Offering	Primary Offering, Secondary Offering
Dual-tranche Mechanism	American Depositary Shares, Public Offering in Japan

Deal Background

- Transaction Overview:** PayPay, Japan's leading mobile payments platform backed by SoftBank and LY Corporation, priced its U.S. initial public offering at \$16 per share, below the target range of \$17–\$20, valuing the company at approximately \$10.7 billion and raising \$880 million.
- Growth & Strategic Transition:** PayPay scaled rapidly through subsidies and cashback incentives, accelerating Japan's shift away from cash and reaching over 70 million users and \$100 billion in gross merchandise volume within a few years of launch. As growth stabilizes, the company is shifting toward monetization by expanding into financial services such as lending, credit, and merchant solutions. The discounted pricing, amid heightened uncertainty in the Middle East, suggests more cautious investor sentiment, while also allowing SoftBank to unlock value and recycle capital from a maturing asset.

Financial Takeaways

- Revenue & Profitability:** PAYP is scaling rapidly, driven by 20%+ YoY GMV growth and the merchant discount rates (MDR) implementation. The company transitioned to achieving full-year positive EBITDA in 2025 (~¥100 B). However, sustained top-line growth depends on cross-selling high-margin financial services (e.g. securities) and maintaining merchant retention amid fee adjustments.
- Capital & Funding:** PAYP is well-capitalized post-IPO, raising ~\$880M at a \$10.7B valuation. Proceeds will accelerate its "Super App" strategy, fund AI-driven ad-tech enhancements, and support the rapid expansion of digital payroll and financial services across Japan.

IPO Highlights & Potential Risks

- Scale of the transaction:** PayPay's Nasdaq IPO raised approximately \$880 million, marking the largest U.S. listing by a Japanese company in nearly a decade and enhancing its visibility among global institutional investors.
- Market leadership with improving monetization:** PayPay is the leading QR code payments platform in Japan, with a large user base (70M+ registered users) and improving monetization, positioning it more favorably than many fintech peers that remain loss-making at IPO.
- Concentrated ownership creates governance concerns:** SoftBank retained major voting control post-IPO, limiting minority shareholder influence and raising questions about potential conflicts of interest as the parent company pursues aggressive AI investments that could divert strategic resources and management attention away from PayPay's standalone growth.
- Valuation dependent on execution:** The valuation reflects a meaningful growth premium, contingent on sustained monetization in Japan and successful expansion into new markets, making performance sensitive to competition and margin sustainability.

Our Team Insights

- Strategic Market Dominance and the "Super App" Pivot:** PayPay has established itself as the undisputed leader in Japan's QR code payment market, reaching a critical mass of over 70 million users and \$100 billion in GMV. Our team views the company as successfully shifting from a high-burn "user acquisition" phase to a high-margin "monetization" phase.
- Governance and Execution Hurdles:** While the growth story is compelling, investors must weigh the risks associated with concentrated ownership. SoftBank's retained voting control could lead to governance concerns.
- Investment Recommendation:** PayPay represents a rare opportunity to invest in a market-leading, EBITDA-positive fintech asset with significant backing from global strategic giants such as VISA, QIA, and ADIA. We recommend a "Cautious Buy" outlook, focusing on the company's ability to maintain its 20%+ YoY GMV growth while successfully scaling its high-margin financial products.

Precedent IPOs

IPO Date	Company	IPO Price	Price As Of 4/25	Revenue FY 2025 (\$M) & (YoY)	EPS (TTM)	EV/Revenue
11/03/2021	Kakao Pay	90,000 KRW(\$61)	55,300 KRW (\$37.5)	\$670 M, YoY 25%	\$0.24	2.76
11/04/2022	GoTo Group	338 IDR(\$0.02)	52 IDR(\$0.003)	\$243 M, YoY 37%	-\$0.000068	2.72
11/08/2022	One97 Communications	₹2,150(\$22.81)	₹1,153(\$12.23)	\$7316M, YoY 20%	-\$2.68	8.23