

May 31, 2024

SBI XDC Network APAC Co., Ltd.

SBI R3 Japan Co., Ltd.

## **XDC Network and R3 Corda Successfully Complete Inter-business Settlement PoC (Proof of Concept)**

SBI XDC Network APAC Co., Ltd. (Head Office: Minato-ku, Tokyo, Representative Director: Tomohiko Kondo) and SBI R3 Japan Co., Ltd. (Head Office: Minato-ku, Tokyo; Representative Director: Mamoru Fujimoto) are pleased to announce that we have successfully completed a proof-of-concept experiment that was previously announced in SBI Holdings, Inc.'s December 27, 2023 press release titled "Announcement on the Establishment of Joint Venture 'SBI XDC Network APAC Inc.' with TradeFinex Tech, a Company Deploying XDC Network in the UAE." ; which, is the joint venture's first initiative. The PoC proved that value via digital asset can be transferred over different distributed ledger technologies (DLT), XDC Network and R3 Corda platform, as a form of payment to improve efficiency and facilitate inter-business settlement in trade transactions.

Furthermore, to deepen the collaboration between the XDC Network and Corda within the SBI Group and to expand the use cases of Corda Bridge, the ownership of the Corda Bridge used in this experiment will be transferred today from the current IMPEL GLOBAL (Headquarters: USA, CEO & Founder: Troy S. Wood) to the joint venture company SBI XDC Network APAC Co., Ltd..

The partnership between the SBI Group and the XDC Network, which started on May 31, 2023, with the launch of the first domestic handling of the XDC cryptocurrency by SBI VC Trade Co., Ltd. (Headquarters: Minato-ku, Tokyo, Representative Director: Tomohiko Kondo), will enter its second year. Through these initiatives, we aim to further strengthen this partnership and realize the construction of a new foundation that contributes to the efficiency and smoothness of inter-company settlements in trade transactions.

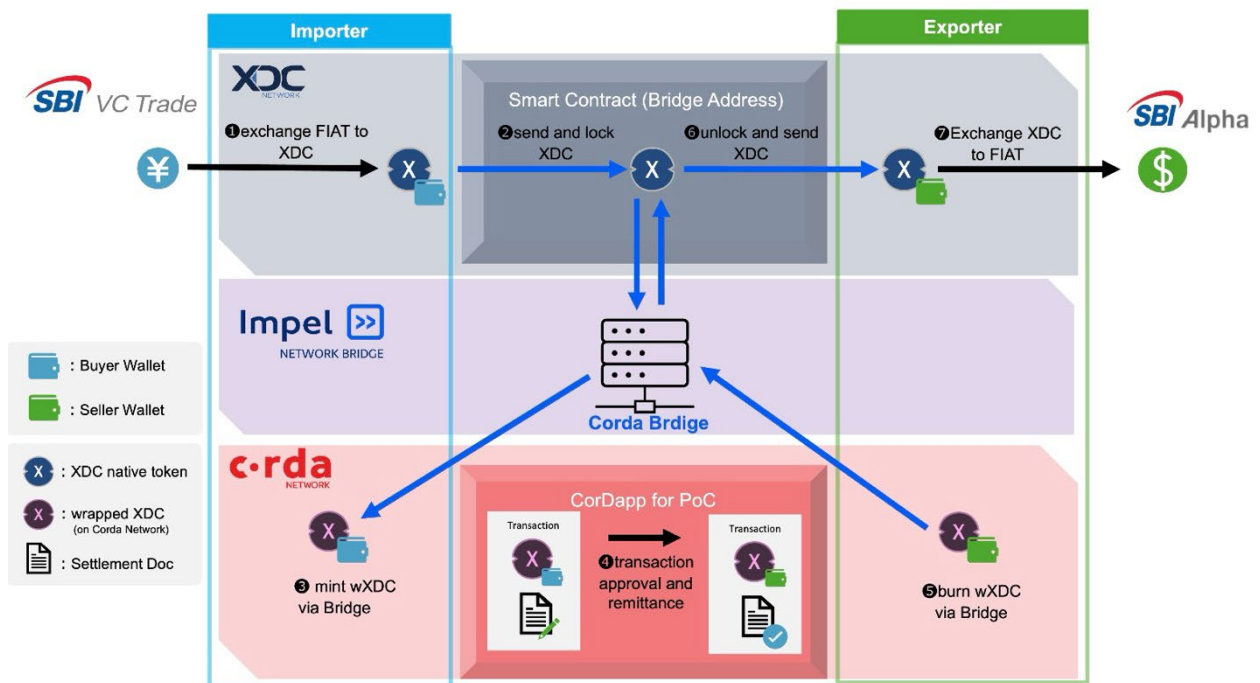
### **1. Background and Purpose of the Proof-of-Concept Experiment**

This experiment connected two different DLT platforms using the Corda Bridge: the private blockchain Corda, which emphasizes privacy and excels in interoperability and scalability for inter-company transactions, and the hybrid Layer 1 public blockchain XDC Network, which aims to streamline trade finance and is highly compatible with private chains,

focusing on use between companies.

The experiment involved conducting legal currency settlements via inter-company transactions using the native token "XDC." , allowing for one-stop execution of instant settlements, encompassing both private areas like transaction information and public data like value transfer, resulting, in an efficient and smooth settlement method for international trade transactions, offering advantages in both significantly reduced settlement time as well as cost savings compared to traditional legacy payment transactions.

[ Image of the demonstration experiment]



## 2. Evaluation of the Proof-of-Concept Experiment

In this experiment, the simultaneous execution of "transaction information approval" and "settlement," which are essential requirements for financial transactions, was conducted between SBI Group companies, simulating exporters and importers. It was confirmed that immediate remittance is possible. From a technical perspective, the design that allows R3 Corda CorDapp\*, XDC Network and the bridge component to be implemented independently confirmed that the XDC settlement function can be generically implemented for use cases in addition to the settlement use case of this experiment. This was the first hybrid proof-of-concept experiment on the XDC Network with other blockchain platforms, and it was reconfirmed in practice, not just in theory, that value transfer across different

DLT is possible. You can view the video demonstration of the operations for this proof-of-concept experiment through the following link:

(\*CorDapp refers to a decentralized application running on Corda)

Video link : <https://www.youtube.com/watch?v=-gD0XsTbMA4>



### 3. Comment from Tomohiko Kondo, Representative of SBI XDC Network APAC Co., Ltd.

" In this proof-of-concept experiment, we were able to reconfirm the effectiveness of the characteristics of R3 Corda, Corda Bridge, and the XDC Network's blockchain in actual transactions, resulting in promising outcomes for future developments. While there are still some issues to be resolved for implementation in actual transactions, we aim to provide many benefits to our customers based on the results obtained from this proof-of-concept experiment. We intend to further advance collaboration and verification within the SBI Group. "

### 4. Comment from Mamoru Fujimoto, Representative of SBI R3 Japan Co., Ltd.

" Improving the efficiency of trade-related operations has long been recognized as a major challenge, and efforts are being made to achieve this using blockchain technology. Corda is a blockchain platform that ensures the reliability and confidentiality of information in inter-company transactions. In this proof-of-concept experiment, the collaboration between the XDC Network and Corda demonstrated the potential for improving the efficiency of international settlements and trade transactions. Taking this proof-of-concept experiment as a starting point, we aim to develop use cases that, in collaboration with the XDC Network, achieve social cost reduction. "

### 5. Future Development

When considering immediate settlements between actual companies, additional verification of systems that are not affected by fluctuations in the price of XDC and foreign exchange fluctuations is necessary. For this verification, collaboration with cryptocurrency exchanges is essential. Based on the results demonstrated in this proof-of-concept experiment, we will continue to collaborate and discuss within the SBI Group to address

the challenges toward social implementation. This includes working with SBI VC Trade Co., Ltd. and SBI Liquidity Market Co., Ltd. to build services that mitigate the risks of cryptocurrency price fluctuations and foreign exchange fluctuations, further facilitating inter-company transaction settlements.

## 6. Company profile

Name of Company	SBI XDC Network APAC Co., Ltd.	SBI R3 Japan Co., Ltd.
Date of Establishment	December 18, 2023	January 29, 2019
Capital Stock	300 million yen (including capital reserve)	500 million yen (including capital reserve)
Major Shareholders	SBI Holdings, TradeFinex Tech	SBI Holdings, R3, Sumitomo Mitsui Financial Group
Representative Director	Tomohiko Kondo	Mamoru Fujimoto
Business	Marketing and business development for XDC Network, support for subnet developers	Provide Corda licenses and implementation support, and support collaboration with R3's overseas offices and Corda partners

### ◆ About SBI XDC Network APAC

SBI XDC Network APAC is a joint venture between the SBI Group and TradeFinex Tech. It offers trade finance solutions, expands partnerships with subnet companies, and supports cryptocurrency exchanges that wish to handle XDC in order to deploy the innovative solutions of the XDC Network in the APAC region.

Website : <https://www.sbxdc.network/>

### ◆ About SBI R3 Japan

SBI R3 Japan, as part of the SBI Group providing advanced financial services, is the Japanese subsidiary of R3, a global leader in blockchain technology. Supported by SMBC, one of Japan's leading financial groups, its mission is to build an ecosystem utilizing the distributed ledger technology Corda to contribute to reducing social costs.

Website : <https://sbir3japan.co.jp/>

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