

December 27, 2024

SBI XDC Network APAC Co. Ltd.

SS Trading Co. Ltd.

SBI XDC Network APAC and SS Trading Begin Initiatives Using Blockchain Technology to Streamline Export Procedures for Used Vehicles and Establish Trade Finance Schemes

SBI XDC Network APAC Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director: Tomohiko Kondo; hereinafter "SBI XDC") and SS Trading Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director: Takuma Shoda; hereinafter "SST"), which exports and sells used auto parts and vehicles as part of the SBI Group, have entered into a partnership to streamline export procedures for used vehicles and parts and establish new trade finance schemes. This initiative utilizes SBI XDC's technology to record trade documents on the blockchain and conduct factoring during the shipping period for exported goods.

1. Background and Objectives

Globally expanding trade transactions have prompted efforts to digitize complex and time-consuming procedures to enhance efficiency. In Japan, a bill to digitize trade documents is scheduled to be submitted in fiscal 2025. Additionally, given the increasing demand for exports of used vehicles and parts from Japan, there is an urgent need for measures to secure competitiveness and funding solutions.

Under these circumstances, SBI XDC and SST aim to address these challenges by leveraging blockchain technology's inherent features—such as transparency, difficulty to tamper with, and transaction automation through smart contracts. By collaborating, the two companies intend to expand blockchain use cases in real-world trade transactions. This initiative will help increase transaction volume by improving operational and working capital efficiency required on the supply side, thereby contributing to further market growth in response to the expanding demand for used parts and vehicles.

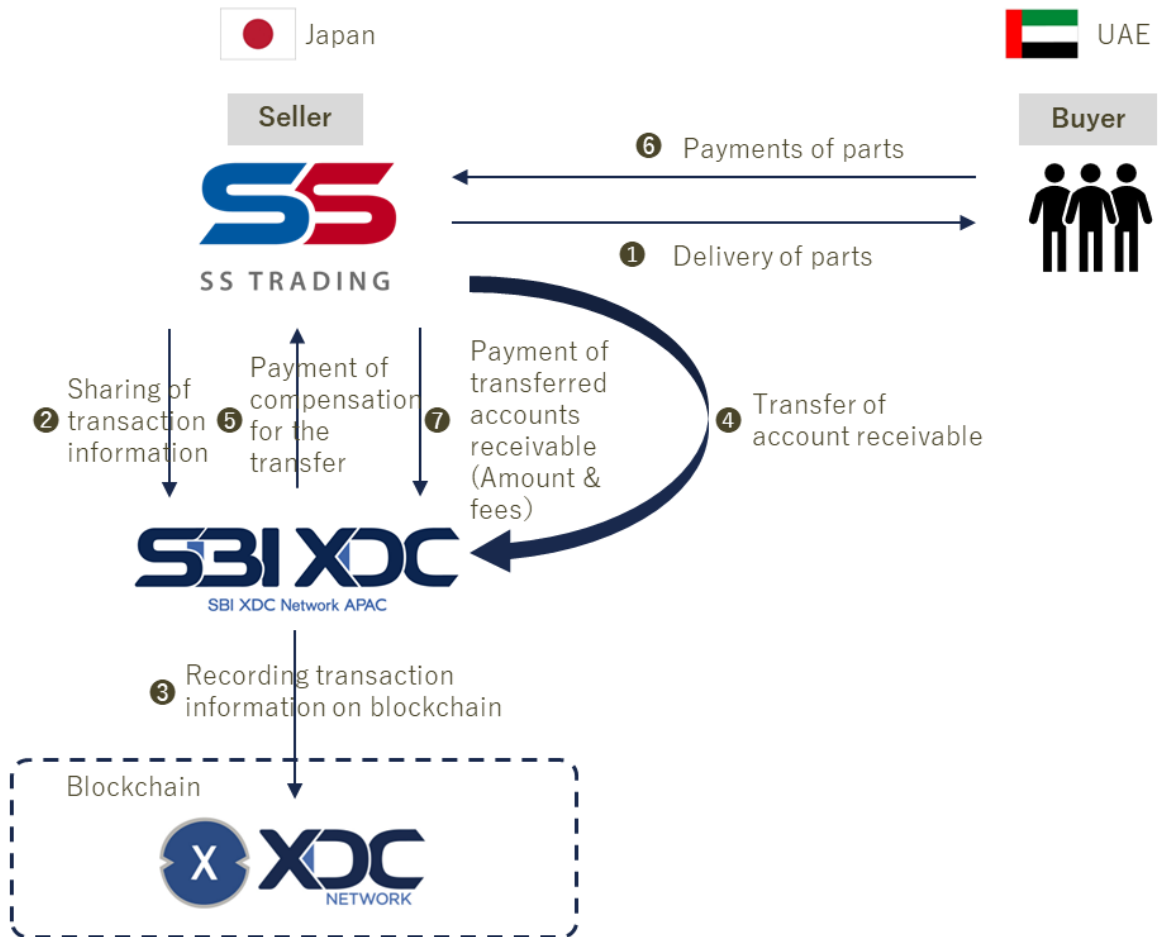
2. Overview of the Initiative

Currently, SST uses paper-based trade information to communicate with buyers and sellers. This initiative will record such trade information on the XDC Network blockchain to enhance smooth and efficient interactions. Additionally, to flexibly meet the funding needs of Japanese exporters, SBI XDC will organize factoring for accounts receivable during the shipping period of exported goods and provide this service to SST.

Specifically, SBI XDC will record export transaction information related to SST's export of containers filled with used auto parts from Japan to the United Arab Emirates (UAE) on the

XDC Network blockchain. Factoring will cover the period from loading goods in Japan to unloading them in the UAE, with SST managing receivable collection.

< Overview of the scheme >



< Export Product Container Image: SST Akiruno Parts Yard >



3. Future Developments

SST's routine export transactions between Japan and the UAE will involve inputting and viewing transaction details on the XDC Network blockchain via a newly developed user interface. SBI XDC will also continue providing factoring services, aiming to establish a trade finance scheme beneficial to both SBI XDC and SST. Furthermore, they aim to automate trade finance schemes and receivable collection through smart contracts.

Comments from Key Representatives

■Tomohiko Kondo, Representative Director of SBI XDC Network APAC Co., Ltd.

In general trade transactions, the long lead time for transportation and the complexity of transaction flows pose significant challenges for both exporters and importers in terms of funding needs and administrative burdens. SST handles export transactions to the UAE, where one of SBI XDC's stakeholders has a base, making this partnership an excellent model case for showcasing the trade finance efficiencies we aim to achieve. Moving forward, we hope this initiative serves as a first step toward digitizing documentation, automating payments, and receivable collections involving stakeholders such as shipping companies and importers around the XDC Network.

■Takuma Shoda, Representative Director of SS Trading Co., Ltd.

Our export container transactions with corporate clients in the Middle East and South America are increasing yearly. This year, we opened a branch in the UAE, which also engages in yard sales, further complicating trade receivables management. Our partnership with SBI XDC, which has a base in the UAE, is ideal from both a technical and logistical perspective. Through this collaboration, we aim to optimize trade operations and cash flow to handle more orders.

■About SBI XDC Network APAC

SBI XDC Network APAC Co., Ltd. is a joint venture between SBI Holdings, Inc. (Headquarters: Minato-ku, Tokyo; Chairman and President: Yoshitaka Kitao) and TradeFinex Tech. (Headquarters: Dubai, UAE; Co-Founders: Atul Khedade and Ritesh Kakkad), which operates the XDC Network—a layer-1 public blockchain designed for inter-business trade finance efficiency. The company offers trade finance solutions, expands partnerships with subnet enterprises, and supports cryptocurrency exchanges interested in handling XDC. For more information: <https://www.SBI XDC.network>

■About SS Trading Co., Ltd.

SS Trading Co., Ltd. is a joint venture between the SBI Group and the SOMPO Group. The company recycles resources through dismantling used vehicles at its in-house facilities and exports and sells used auto parts and vehicles primarily to emerging regions worldwide.

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