

NEWS RELEASE

December 8, 2022

News Release

 Sumitomo Mitsui Financial Group, Inc.
 Sumitomo Mitsui Banking Corporation
 HashPort Inc.
 HashPalette Inc.
 HashBank Inc.

Consideration of a Business Partnership with HashPort Group in the Soulbound Token Domain

Sumitomo Mitsui Financial Group, Inc. (President and Group CEO: Jun Ohta; hereinafter collectively referred to as "SMBC Group") and its consolidated subsidiary Sumitomo Mitsui Banking Corporation (President and CEO: Makoto Takashima) have entered into a basic agreement on a business partnership with HashPort Inc. (CEO: Seihaku Yoshida, hereinafter collectively referred to as the "HashPort Group") and its consolidated subsidiaries HashPalette Inc. (CEO: Seihaku Yoshida) and HashBank Inc. (CEO: Kazuyuki Tsuji).

1. Overview of basic agreement

- The SMBC Group and the HashPort Group have been discussing the launch of a joint business for developing a safe and secure Web3 economic zone since signing a basic agreement in July 2022.
- Based on the outcomes of the aforementioned discussions, the parties concluded this basic agreement to commence specific deliberations toward launching a new joint business centered on practical use of Soulbound Tokens (hereinafter, "SBTs").
- As the first phase of demonstration testing under this basic agreement, the SMBC Group will issue SBTs on a trial basis with technical support from the HashPort Group through the end of March 2023.
- As the second phase based on the results of the above testing, demonstration testing will be conducted envisioning scenarios in which SBTs are used as proof of behavior/career. Consideration will also be given in this phase to carrying out testing to produce case studies of SBT utilization with the cooperation of companies considering forming and marketing fan communities using tokens.
- In addition, the two parties will also consider undertaking content business associated with NFTs and developing infrastructure for the Web3 economic zone to encourage the spread of the token business both in Japan and overseas.

2. Background of basic agreement on business partnership

- SBTs are non-transferable NFTs that are issued as tokens indicating the personal history and activities of the individual holding the SBT wallet. The wallets in which the various SBTs are stored are called "souls" because they represent the identity of the owners of the wallets.
- With more and more people taking on side jobs, personal technology and knowledge sharing services gaining traction, decentralized autonomous organizations (DAOs) (*1) emerging, and other changes taking place in society, it has become common practice for individuals to assume diverse roles and personalities within society. It is expected in this new society that each individual will be able to control which

personality he/she displays in each community in which he/she participates. SBTs satisfy these new social needs through the use of multiple "souls".

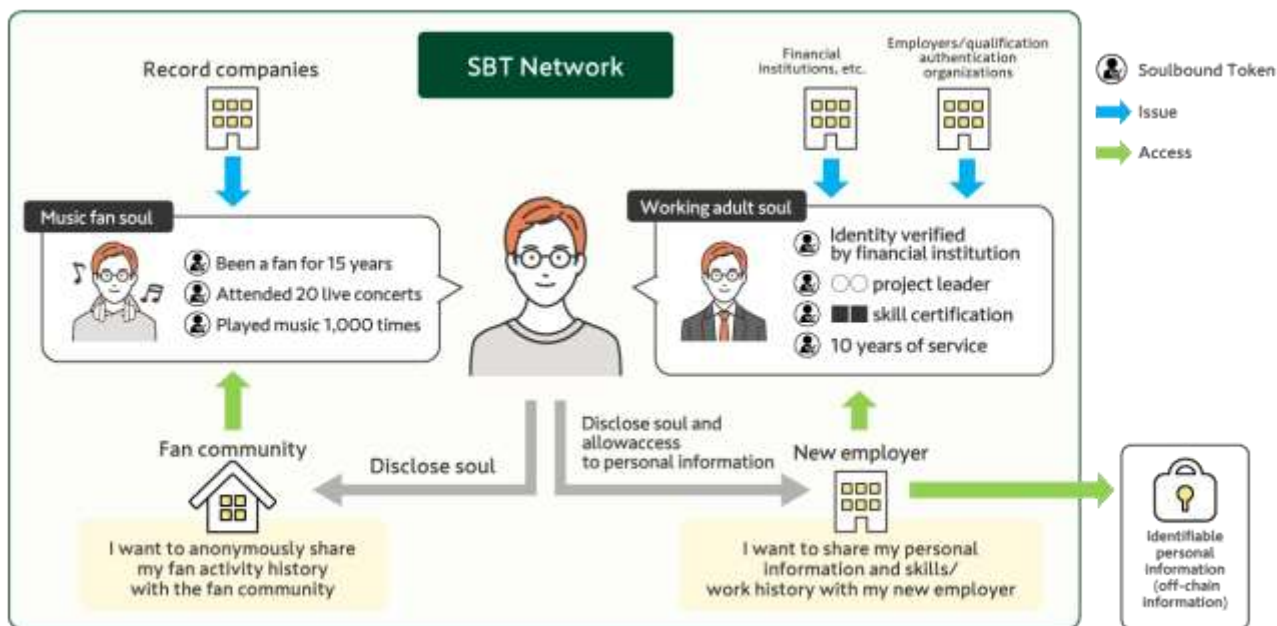
- Partnering with the HashPort Group to conduct research on SBTs that can be put to practical use in future is a meaningful initiative by the SMBC Group to help the Web3 economy catch on more widely in Japan.

(*1) What is a DAO?

DAO stands for Decentralized Autonomous Organization, a jointly-owned organization in which there is no specific manager or owner, and the members of the organization make decisions by voting to promote businesses and projects.

[Examples of SBT usage]

- Suppose, for example, that there is a user who has a soul as a working adult and a soul as a music fan at the same time. If this user wants to prove his/her skills and work history when changing jobs, he/she can simultaneously prove his/her identity and his/her career information associated with them by allowing his/her employer to reference the SBTs held in his/her working soul as well as his/her personal information such as name and address stored outside the blockchain.
- On the other hand, if a user wants to share his/her fan activity history within an artist's fan community to prove his/her loyalty as a fan, he/she can allow the community to reference only those SBTs held within the user's soul as a music fan to show how many live shows he/she has attended, how many times he/she has played the artist's music, etc., while remaining anonymous.



◆ Company profiles

(1) SMBC Group

Name	Sumitomo Mitsui Financial Group, Inc.
Title and name of representative	Director, President and Group CEO Jun Ohta
Business	Management and administration of banks and other companies that may be made subsidiaries under the Banking Act, and other operations incidental thereto

Name	Sumitomo Mitsui Banking Corporation
Title and name of representative	President and CEO Makoto Takashima
Business	Banking

(2) HashPort Group

Name	HashPort Inc.
Title and name of representative	Representative Director and CEO Seihaku Yoshida
Business	Provision of services related to token business, etc., utilizing blockchain and NFTs in Web 3.0

Name	HashPalette Inc.
Title and name of representative	Representative Director and CEO Seihaku Yoshida
Business	Development of "Palette", a blockchain network optimized for NFT distribution, and development, sales, and consulting services for NFT-related systems

Name	HashBank Inc.
Title and name of representative	Representative Director and CEO Kazuyuki Tsuji
Business	Financial infrastructure business using blockchain technology