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NEWS RELEASE

Digital Garage to jointly develop next-generation platform technology with leading blockchain technology company, Blockstream

~Kakaku.com and Credit Saison to join initiative to accelerate development of various value-based exchange programs and regional currencies~

Digital Garage (TSE first section: 4819, HQ: Tokyo, Representative Director, President Executive Officer and Group CEO: Kaoru Hayashi, DG) agreed with Blockstream Corp (Headquarters: Montreal, Canada CEO: Adam Back, Blockstream), a leading enterprise blockchain technology, to jointly develop a new blockchain-based platform and products for the Japanese market. Blockstream's team consists of prominent engineers who have contributed to the development of Bitcoin itself, and are well-known for developing cutting-edge innovations with a wide range of public use. DG invested in Blockstream, through its subsidiary company, in February 2016.

Based on this agreement, DG will accelerate blockchain-based product development at "DG Lab", the open innovation R&D organization jointly established in July 2016 with Kakaku.com, Inc. (TSE first section: 2371, HQ: Tokyo, PRES: Shonosuke Hata, Kakaku) and Credit Saison Co.,Ltd. (TSE first section: 8253, HQ: Tokyo, CEO: Hiroshi Rinno, Credit Saison).

"Digital Garage has undertaken significant work to analyze Bitcoin and next generation blockchain technology. I am impressed with both their technical and business understanding of what these new areas of technology mean for their business and for the Japanese market. With their new DG Lab, Digital Garage is well positioned in Japan to lead a wave of new innovation for payments and financial systems." said Dr. Adam Back, CEO of Blockstream.



Blockstream



Digital Garage

Specifically, DG will develop new products for the Japanese market, using Sidechain technology from the Elements Project, blockchain extensions technology developed by Blockstream. Below are the developments what the DG Lab Blockchain category is planning in mid- and long-term, in combination with other core categories such as "AI" and "Security" that DG Lab covers.

- 1) "Real-time exchange system" : utilized for credit card loyalty points, electronic money/pre-paid values, and digital currency
- 2) "Regional money system" : providing benefits to consumers and quantitative marketing tools for regional producers which are crucial for revitalizing regional economy
- 3) "Machine Automated Contracts" : enabling automation of computable contracts and their executions for financial products

DG Lab's engineering team mostly focuses on deploying blockchain technologies on top of the Bitcoin codebase, which is battle-tested to have the best security and robustness. DG Lab will send its blockchain engineering team to San Francisco to conduct joint research and development of the Elements Open Source blockchain platform along with Blockstream engineers for several months. The products delivered during this time will be intended to be deployed through sponsoring companies, business partners and others related to DG Lab and DG Lab Fund. The DG Lab team

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will start demonstrations and experiments for introduction to related services, and propel practical and commercial uses based on trends by constantly taking in cutting edge blockchain technologies.

Through joint research and development with Blockstream, Digital Garage aims to develop a platform that allows for secure and low-cost circulation of digital assets, where application of blockchain technology is highly expected in the near future. In addition, DG Lab engineers will be active participants in the open-source development of Bitcoin and other Bitcoin-based blockchain technologies.

Kaoru Hayashi, CEO of Digital Garage said "By contributing engineering resources directly to upstream Open Source projects like Bitcoin and the Elements Project, DG Lab establishes its leadership in blockchain technology for the Japanese market. Beyond DG Lab's purpose of building financial tech applications for the domestic market, our team demonstrates uncommon expertise with its contributions to the base layers that power the future of global finance. DG Lab is proud to build this future together with partners such as Blockstream."

A solution that DG Lab will implement with Blockchain

