Introducing Rezchain and Rezpayments

Investor session: **ORD MINNETT**

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Technology underpins our success

Key Driver for Delivering Scale Benefits

Rezchain is a critical component in moving from an "8/5/3" structure to an "8/4/4" in our WebBeds business by FY22:

- 8% revenue/TTV
- 4% costs/TTV
- 4% EBITDA/TTV

Rezpayments reduces compliance costs and improves control

Introducing...

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What is Blockchain?

- A time-stamped series of immutable records of data that is managed by a cluster of independent computers not owned by any single identity in a peer to peer network.

- It is often referred to as a ledger; all the previous states are present on the chain with all the "ins" and "outs" visible and auditable.

- Transaction records are bundled together into blocks and added to the chain.

- Each block is secured and bound to the one that precedes it using cryptographic principles. These blocks form the chain.

- Each computer (miner) on the blockchain holds a complete record of the chain. For changes to be made, consensus must be reached with 51% of computers agreeing that the change is valid. This is done by the miners competing to solve a mathematical equation or by hashing the contents to arrive at a unique series of numbers and letters.

- This makes a blockchain very very difficult to corrupt.

- Robustness! All those replicas on machines scattered around the globe make it almost immune to downtime

- Multiple replications of the full chain

- Geographical hardiness

- Consensus – 51% or more must agree

- Zero transaction costs

- Hashing is a one way street

What makes Blockchain a bit of a challenge?

- Speed - all that mining and replication takes time

- On a public blockchain, the transaction competes for attention, there's no such thing as FIFO

- Unpredictable gas costs & high energy requirements for Proof of Work

- Data on a blockchain can be read by any computer contributing capacity – transparency is one of the aims of blockchain

- Hashing is a one way street

- Security is very secure…..if you lose your keys, you've lost your assets/access.

- If anyone else gets your keys, they have access and potentially control of your assets

What are some suitable real world use cases?

- Cryptocurrency and payments

- Digital identity

- Land registry

- Tracking provenance

- Logistics/supply chains

- Voting

- Any sort of ticketing

- Copywrite, trademark registration, IP protection

- Music/video/content distribution

- Validating data in isolated systems

… and Travel

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- Rezchain is part of WebBeds, the B2B division of Webjet Limited

- Launched in 2016, we are the first travel company to have a functioning blockchain - processing transactions between 2 parties each day

- Our Melbourne based team of Developers, Business Analysts and Systems Architects have years of industry experience

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What is the problem Rezchain is solving?

- Settlement between hotel suppliers and travel partners is a complex, time consuming and ultimately costly process

- Multiple IT systems speaking different languages often leads to a painful reconciliation process and high risk of error

- As a result, significant financial exposure and heavy resourcing requirements are all known (and until now), accepted risks and costs across the current distribution chain

What are the kinds of discrepancies that can occur?

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There are many different components / areas of hotel reservations that can mismatch during the life of a booking

These can include:

- Price

- Duration

- Booking status

- Currency

- Board Basis

- Room type

Mismatches are often found months after bookings are created and travelled, making reconciliation and settlement a painful and counter-productive process

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What does that look like in numbers?

4%   Up to 1 in every 25 bookings results in a situation where a service is provided but never invoiced

33%   Approximately 1 in every 3 all hotel bookings are amended in some way after the reservation was first made

10%   1 in every 10 bookings experience some kind of manual intervention that can break the chain and cause a discrepancy

What have we built?

- A simple solution designed to allow any 2 parties to verify that booking data matches

- This "handshake" occurs each time a booking is made or updated

- Parties are notified if any discrepancies exist that could lead to a dispute

- Action can then be taken immediately to correct any erroneous data and to mitigate losses

- No integration or coding is required

- When it comes to invoicing, there are no nasty surprises: No time-wasting investigations or costly losses

Why use Blockchain to solve this problem?

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- There is no single owner of the Blockchain and processing power can be contributed by any of the relevant parties. This decentralised approach leads to a greater level of trust.

- The solution is inherently robust as copies of the ledger are held across multiple processing nodes. If one fails, the others keep working and the ledger lives on.

- As copies of the ledger are decentralised, it is very difficult to distort the truth.

- If one copy is corrupted, other nodes ignore the results and the integrity of the Blockchain remains intact.

- Rezchain operates on a private Ethereum blockchain using smart contracts. The private nature of the blockchain eliminates the public blockchain price volatility.

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Our case study:

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We looked at 40 randomly selected "in-dispute" bookings

11 hours of labour was required to investigate these bookings

70% of these bookings resulted in a hard loss

We found that **90%** of this loss could have been avoided using Rezchain technology to flag these discrepancies before travel/invoice

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Rezchain is delivering against our expectations: reducing costs and offering a competitive service advantage

Version 5 is currently implemented across all our WebBeds platforms

- DOTW platform went live in April 2019

Rezchain is helping drive efficiencies across our WebBeds businesses

- Streamlining reconciliation processes, improving data integrity and reducing costs
- Dramatic reduction in account reconciliation issues is allowing us to scale rapidly while reducing overheads and providing reduced friction at customer check-in
- We expect Rezchain to play a key role in delivering our WebBeds "8/4/4 target" by FY22 [1]

Rezchain offers significant competitive advantage potential

- Operating the travel industry's first blockchain solution provides the opportunity to offer our hotel supply and travel industry partners improved certainty across their entire hotel booking supply chains
- Thomas Cook due to be connected later in 2019
- Ongoing enhancements are focused on improving simplicity of connection and speed

1. By FY22 we believe we can deliver "8/4/4" in our WebBeds business - 8% revenue/TTV and 4% costs/TTV to drive 4% EBITDA/TTV

Introducing...

Rezpayments

Our in-house PCI compliance solution

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The need for PCI compliance

All companies that accept credit card payments are required to comply with the Payment Card Industry (PCI) Data Security Standard

Credit cards are widely used in our B2C businesses, as well as within certain parts of our WebBeds operations

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Rezpayments

What have we built?

Unable to find a suitable "off the shelf" solution that offered sufficient flexibility, we built our own PCI compliance solution – Rezpayments.

Rezpayments allows a company to easily implement a solution that captures the customer's credit card data, directs it to Rezpayments where it is exchanged for a token, and that token is stored in the user's systems.

At the point the card is to be charged or sent to another destination (ie: fraud checking; as a guarantee on a car or hotel booking; to a third party such as an airline), the message is routed through Rezpayments, the token exchanged for the credit card number and the message continues on it's journey to the end point.

The customer's credit card data never touches the user's/client's environment and so those systems and processes are not in scope for PCI compliance; the client is able to rely on Rezpayment's Attestation of Compliance and does not need to seek their own.
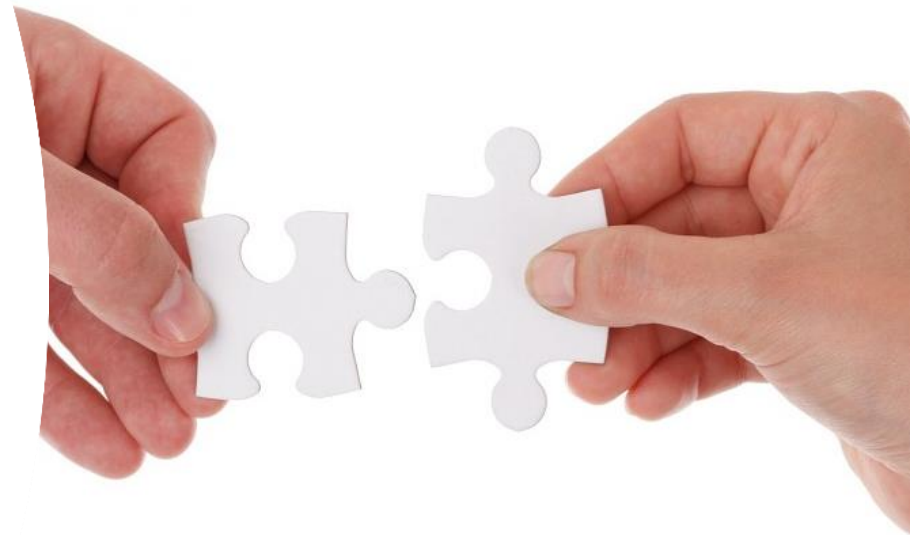
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Rezpayments

Developing the optimal solution for Webjet

At Webjet, we leverage multiple APIs for fraud checking and payments. These are downstream third party API connections which need to act on the card information we receive through our selling channels.

We have to offer a secure, PCI compliant bridge between us and these third parties so they can receive the credit card data without it touching our own systems.

Rezpayments is a secure, cloud-hosted PCI tokenisation service which is easy to implement into workflows.

Rezpayments

Already delivering efficiencies

Rezpayments is currently implemented in the Webjet OTA and Online Republic businesses (motorhomerepublic.com, airportrentals.com and cruisesalefinder.com)

It reduces scope of risk impact in our overall environment by isolating our impacted environment for PCI compliance testing– meaning we build once, deploy to all of our businesses locations, and it ensures we have control while keeping our core systems completely free of credit card data.

Rezpayments

New market opportunities

Rezpayments has applicability for other companies that accept credit cards online

Helps address PCI compliance concerns and reduces the cost of PCI compliance

Enables secure storage and handling of credit card data

Allows Rezpayments users to rely on the Rezpayments Attestation of Compliance, while removing their own systems from compliance scope

We take the pain out of the auditing and protection controls for others with our highly available and scalable PCI services

2 external customers have already implemented Rezpayments

Technology underpins our success

A Rich History of Innovation Continues

Rezchain – the first workable blockchain in the travel industry

Rezpayments – creates a flexible, cost effective solution to solve a complex and highly critical component of the payments lifecycle

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FY19 guidance

We reconfirm FY19 guidance

We remain on track to deliver at least $120 million EBITDA (excluding one-offs associated with the acquisition of DOTW), including all start up costs associated with Umrah Holidays International

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Q&A

Thank you