

Dragontail expands into hotel and resort market through agreement with Monscierge, Inc.

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ASX Announcement

Highlights

- DTS signs agreement with Monscierge, Inc. – a global hospitality solutions provider
- The deal represents the first time DTS is expanding into the lucrative hotel and resort industry
- Monscierge's clients include some of the world's largest hotel groups www.monscierge.com
- Significant market opportunity in the global hotel and resort industry generating revenues of US\$864 billion across more than 714,000 businesses.

Dragontail Systems Limited (ASX: "DTS", the "Company") is pleased to announce that it has signed a mutual referral agreement, with global hospitality solutions provider, Monscierge, that will see Monscierge refer the DTS's Algo System to its clients in the hotel and resort industry.

This is the first time that the Algo System will be marketed to clients in the hotel and resort business, demonstrating the flexibility of the system and its capacity to be applied across a wide range of industries. As part of the relationship, DTS has agreed to pay a referral fee to Monscierge based on revenue DTS derives from clients introduced by Monscierge. Likewise, DTS is eligible to receive referral fees from Monscierge to be determined on a case-by-case basis.

Dragontail's proprietary Algo System optimises and manages large and complex kitchen operations. The system's ability to manage large volumes of orders, food preparation tasks and delivery data makes it well suited to the hotel and resort industries where it has a number of potential uses such as helping to manage and optimise room

service and in-house Quick Service Restaurant (QSR) operations.

The Monscierge Connect product line includes solutions for menus & requests; way finding; local recommendations; flights, weather & maps; two-way communication between guests and staff and more. The Company deploys its solutions through mobile, tablets, large-format touchscreen devices and a central web-based platform that manages property content. Monscierge operates in more than 60 countries and has a number of large hotel chains as clients including ACCOR Hotels, Hyatt, Intercontinental Hotels Group and Holiday Inn.

The global hotel and resort industry presents a significant opportunity for Dragontail to expand the Algo into what is a large and growing market. The industry has experienced growth of 4.3% over the five years to 2016 with annual revenue in 2016 of US\$864 billion across more than 714,000 businesses [1]

The industry is expected to experience strong growth over the next five years as a result of a steady rise in global travel rates and an increase in travellers' funds for discretionary purchases.

"Hotels and resorts serve thousands of meals to guests each year either through room service operations or in-house restaurants. The Algo system is the perfect solution for these businesses as it allows them to optimise food preparation and delivery to better service their guests and provide an improved all around experience," said Dragontail Systems' Chief Executive Officer, Ido Levanon.

"Our Algo System is attracting the interest of leading companies across a number of industries. This agreement will allow the Algo to be directly marketed to some of the largest hotel and resort groups in the world – giving us a strategic foothold in this highly lucrative market."

Monscierge Vice President of Business Development Joshua Fahrenbruck added "Monscierge is passionate about helping hoteliers make the guest experience as enjoyable as possible, and Dragontail shares that passion. Our relationship with Dragontail underscores our commitment to bringing creative solutions to hospitality and their support will give even more hotels and resorts access to our Connect product offerings."

[1] (<https://www.ibisworld.com/industry/global/global-hotels-resorts.html>).

Company Secretary:

Deborah Ho

deborah@tridentms.com.au

+61 8 6211 5099

Media Enquiries:

Ben Grubb

Media and Capital Partners

ben_grubb@mcpartners.com.au

+61 414 197 508

About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) industry with its Algo System, which uses a sophisticated patented algorithm to optimise and manage the entire food preparation process from order to delivery. The Algo is the first system in the world to fully automate and streamline the kitchen flow to deliver immediate and significant returns on investment to fast food and quick service restaurants. The Algo is setting a new standard for the global industry with a number of chains, such as Pizza Hut in North America and Israel, and a large Israeli burger chain already using the system.

About Monscierge

"Monscierge is a global software company specializing in innovative hospitality solutions for properties, owners and brands. Since 2009, the Monscierge product line, Monscierge Connect, has been facilitating elegant connections between guests, hotel properties and their brands, through mobile, tablet, large-format touchscreen devices and a central web- based platform that manages property content. In 2016, the company was selected as the hospitality partner for the Apple Mobility Partner Program. With installations in over 60 countries and multilingual capabilities, Monscierge is dedicated to improving guest experiences and hotel staff efficiency around the world."