

Dragontail Expands into Australian Market with First Local Customer

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ASX Announcement

Highlights

- Dragontail expands into Australian market with first local customer, Borruso's Pizza & Pasta, to commence using the Algo System and the CCSU quality control camera in early March
- The service offering seamlessly integrates Dragontail's product suite with Revel's Point-Of-Sale (POS) system
- Borruso's is the first joint customer as a result of the partnership between Dragontail and Revel Systems
- Australia is a key market for Dragontail with the fast food restaurant industry generating \$19 billion in annual revenue

Dragontail Systems Limited (ASX: DTS, the "Company") is pleased to announce that it has expanded into the Australian Quick Service Restaurant (QSR) market with its first local customer for the Algo and quality control camera systems.

The customer, Borruso's Pizza & Pasta, will install Dragontail's Algo dispatching system and unique quality control camera, the Camera Cut Station Unit (CCSU), in its Sydney restaurant.

The CCSU is the first of its kind in the world that monitors key elements in the kitchen, such as oven temperature, during the preparation and cooking process to improve the quality and consistency of pizzas and other meals that the restaurant is producing. Both the Algo System and the CCSU will go live in the restaurant in the first two weeks of March.

Dragontail introduced Borruso's to Revel Systems to kick off the Dragontail/Revel partnership. This is the first introduction of Dragontail pursuant to this partnership, which includes a mutual referral agreement. Under the partnership, announced in January, the Algo System has been integrated with the Revel Point-of-Sale (POS) platform, providing Dragontail with a seamless process from payment to food delivery.

The launch into the Australian market is a significant milestone for the Company and opens up another lucrative segment for Dragontail. The Australian fast food industry generates \$19 billion in annual revenue across more than 24,000 businesses and is expected to grow at a rate of 3% in 2017

(<https://www.ibisworld.com.au/industry/fast-food-services.html>).

"Having the Algo System and CCSU working in unison will provide unprecedented flexibility, scalability and efficiency to the QSR industry. As a result, Borruso's patrons will receive a pizza that is of the highest quality and that will arrive hot and fresh, improving the overall customer experience," said Dragontail Managing Director Ido Levanon.

"Australia was identified as a key growth market for our Company ahead of our IPO, and our first Australian store is an important milestone for the Company. We now have customers in Israel, Canada, the US and Australia, which provides a strong base upon which to grow in FY17."

Borruso's Pizza and Pasta founder Jamie Borruso added, "The Algo System and the CCSU help us guarantee every meal is delivered fresh out of the oven. Our restaurant seats more than 100 people at a time and services a large delivery customer base and Dragontail's technology will ensure that we can continue to provide our fresh premium pizza and pasta to a growing number of customers across Sydney for many years to come."

Shareholders can click on the following links for more details on how the Algo System will be used at Borruso's – <http://www.dragontailsystems.com/watch-a-video> and <http://www.dragontailsystems.com/algo101>. For more details on the CCSU, shareholders can use this link – <http://www.dragontailsystems.com/ccsu>.

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About Dragontail Systems

Dragontail is revolutionizing the Quick Service Restaurant (QSR) industry with its Algo System, which uses a sophisticated patented algorithm to optimize 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.