

# Dragontail expands customer base adding US frozen yogurt brand 16 Handles Franchisee NYC-FROYO

March 22, 2017

ASX Announcement

## Highlights

- Dragontail Systems signs agreement with New York based NYC-FROYO, a Franchisee of 16 Handles, a Popular Frozen Yogurt Chain in the United States, to trial the Algo System in one of its New York stores for three months
- Deal represents the first time the Algo System will be used to optimize frozen yogurt and ice cream delivery, opening a new and growing market for the Company
- Dragontail continues to grow into new verticals and more diverse food and beverage categories across the Quick Service Restaurant industry
- Initial pilot phase will be followed by a roll-out to the remaining 3 NYC-FROYO New York city locations with a larger vision of a full roll out to the remaining stores owned by 16 Handles
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**Dragontail Systems Limited** (ASX: DTS, the "Company") is pleased to announce that it has signed an agreement with US-based Franchisee NYC-FROYO a frozen yogurt, ice-cream and smoothie chain, under the brand of 16 Handles, to trial the Algo System across one of its New York stores.

This is the first time that the Algo System will be used in a frozen yogurt or ice-cream outlet and demonstrates the capabilities of the system to be applied across a growing range of Quick Service Restaurant (QSR) segments.

The pilot trial commenced on 15 March, 2017, at no cost to NYC-FROYO, and will run for three months. Following the successful completion of the pilot phase, the system would be potentially installed across other NYC-FROYO, 16 Handles locations.

The Algo System is designed to streamline and optimize the operations of QSR businesses – from ordering through to food preparation and delivery. Efficiency and speed are particularly important to QSR businesses that produce food with a very short shelf life.

In addition to the Algo System, 16 Handles will also utilize Dragontail's Smart Orders Aggregator, which consolidates all orders from third parties and channels then into the Algo System. This allows all orders to be managed and optimized from a single platform.

The expansion into the frozen yogurt and ice-cream segment presents a new market opportunity for Dragontail to further grow the reach of the Algo System into what is a fast-developing market.

The Frozen Yogurt market has experienced rapid growth over recent years with an annual growth rate of 11.6% between 2011 and 2016 and generating annual revenue of US\$2 billion[1]

Frozen Yoghurt chains dominate this market with the top 10 frozen yoghurt chains accounting for more than 4,335 stores across the globe in 2016[2]. This provides Dragontail with an opportunity to rapidly increase the rollout of the Algo across the segment by pursuing agreements with global franchises.

The ice-cream segment is more established in the US with annual revenues in excess of US\$5 billion across almost 10,000 businesses[3]

"We are receiving growing interest from a wider range of QSR segments as more potential clients are catching on to the benefits that the Algo System can bring to their businesses. This is the first time that the Algo System is being used within an ice cream or frozen yogurt store and we expect to see further interest from potential customers in this segment," said Dragontail's Managing Director, Ido Levanon.

"The only thing worse than cold pizza is warm yogurt or melted ice-cream; and with the help of the Algo System, QSR operators will be able to deliver their product in a time frame that will ensure the best food presentation and customer satisfaction."

16 Handles Franchisee Director of Operations, Christopher Ballerini added, "When it comes to delivering frozen yogurt, every second counts and we have not seen anything like the Algo System for increasing the efficiency of our production and delivery operation, enabling us to reach a whole new group of customers."

[1] <https://www.ibisworld.com/industry/frozen-yogurt-stores.html>

[2] <http://internationalfrozenyogurt.com/news/2016-chain-store-count>

[3] <https://www.ibisworld.com/industry/ice-cream-gelato-store-franchises.html>

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### **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.