

28 April 2020

GENERAL MEETING TO APPROVE FUNDING TO BE HELD 28 MAY 2020

28 April 2020 (Australia): Dragontail Systems Limited (ASX: DTS, the “**Company**” or “**Dragontail**”) is pleased to announce that the Shareholder Meeting to approve matters associated with the two-stage equity raising to raise up to A\$19.25m via the issue of convertible preference shares (“**Preference Shares**”) will be held on 28 May 2020 at the offices of Thomson Geer, Level 14, 60 Martin Place, Sydney at 11am (“**Meeting**”). The Notice of Meeting will be dispatched to Shareholders today and lodged with the ASX.

As announced by the Company on 23 March 2020, the Company has entered into an agreement for a two-stage equity raising to raise up to A\$19.25m via the issue of Preference Shares by the Company to Eldridge, a holding company that invests in growing businesses based in Greenwich, CT, Goudy, an investment advisory firm based in Chicago with very strong US based F&B connections, and Alceon, the Company’s largest Australia-based shareholder.

The funds from the issue of the Preference Shares will be used by the Company to repay in full its existing A\$4.3m corporate loan with Alceon and the US\$2m bridge loan provided to the Company by Eldridge, thus discharging all third-party borrowings. The remaining funds will enable Dragontail to accelerate its entry into the US and other global territories, to explore significant business opportunities, and to build a dedicated Sales and Marketing department.

Stage 1 of the funding will raise A\$12m and is comprised of (i) Eldridge’s investment of A\$5.25m, (ii) Goudy’s investment of A\$4.75m, and (iii) Alceon’s investment of A\$2m. This funding will serve as a catalyst for Dragontail’s entry into the US given Eldridge’s experience in the F&B sector. Completion of Stage 1 is subject to certain conditions, including shareholder approval for the purposes of ASX Listing Rule 7.1 (and certain other purposes) to be sought at the Meeting on 28 May 2020.

The key terms of the Agreement are summarized in the notice of meeting. Due to the COVID-19 outbreak, Shareholders are encouraged to consider participating in the Meeting virtually or voting by proxy rather than attending the Meeting in person. More information regarding online participation at the Meeting (including how to vote and ask questions online during the Meeting) is available in the Virtual Attendance Instructions which will accompany the Notice of Meeting.

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For further information please contact:

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About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) and foodservice industry with its Algo Platform and computer-vision QT quality system that uses artificial intelligence (AI) machine learning.

The Algo Platform uses a sophisticated patented algorithm to optimise and manage the entire food preparation process from order to delivery. It is the first system in the world to fully automate and streamline the kitchen flow to deliver an immediate and significant return on investment to fast food and quick service restaurants.

The QT system's sensor and camera automatically monitor the preparation and cooking process in the kitchen to improve the quality and consistency of meals. Using proprietary patented advanced AI machine-learning technology, the system keeps improving its diagnostics, becoming even more efficient.

For more information, visit www.dragontail.com.

This ASX Announcement was approved and authorised by Dragontail's Board of Directors.

About Eldridge Industries

Eldridge Industries grows diversified businesses with a focus on Insurance and Fintech; Credit; Real Estate; Sports and Media; Consumer; and Technology. In particular, the firm seeks to build and grow businesses led by proven management teams that have demonstrated leadership and experience to scale an enterprise. Eldridge is headquartered in Greenwich, Connecticut, with additional offices in Beverly Hills, New York, and London. To learn more about Eldridge please visit www.eldridge.com.