

8 May 2020

DRAGONTAIL'S LARGEST PIZZA HUT FRANCHISEE IN CANADA CONVERTS THEIR ALGO LITE STORES TO FULL ALGO

Highlights:

- **Dragontail's largest Pizza Hut franchisee customer in Canada – FMI – converts their Algo Lite stores to the full Algo Platform, adding 70 additional stores utilizing this unique Technology.**
- **This demonstrates the validity of Dragontail's customer acquisition strategy of "land and expand."**
- **FMI is one of the largest restaurant franchisees in North America, operating more than 360 Pizza Hut, KFC, Taco Bell, Panera Bread and other leading QSR brands across 18 different provinces and states.**
- **Pizza Hut Canada was the first market to mandate Dragontail's technology in Sep 2018 with franchises able to choose from the Algo Lite system or the full featured Algo Platform.**

8 May 2020 (Australia): **Dragontail Systems Limited** (ASX: DTS, the "**Company**" or "**Dragontail**") is pleased to announce that its largest Pizza Hut franchisee customer in Canada – Franchise Management Inc ("**FMI**") – has decided to upgrade their Algo Lite stores to the full Algo Platform, to match the stores already using the Algo Platform..

FMI is one of the largest restaurant franchisees in North America, operating more than 360 Pizza Hut, KFC, Taco Bell, Panera Bread, Robin's Donuts and Convenience Store businesses across 18 different provinces and states.

This move highlights the benefit of Algo's unique order to delivery management and the added value that Dragontail can offer its customers. As of today, Dragontail is the only technology provider to offer a holistic solution for store operations, as opposed to other "last mile" solutions that only address the last process of a store's operation – delivering the food to the end-customer. The full Algo Platform oversees the whole operation processes within a store, starting from receiving an order via the POS (Point of Sale) system up until the end-customer receiving their food order and includes kitchen optimization. The conversion to the full Algo Platform will result in a monthly fee higher by 3 times the existing price of the Algo Lite.

The conversion to the Algo Platform supports Dragontail's belief that even when it secures a new customer by offering the stripped down version to compete with the basic last mile solutions, the customers realize over time that Dragontail's full Algo Platform – which includes the kitchen optimization - is the technology that makes the real difference in their operation.

Mr. Greg Walton, Operating Partner, at FMI, commented: "After working with Dragontail for the past 3 years, and seeing the benefits of both the Algo Lite and the Algo Platform and top-notch service and support from Dragontail, we decided to upgrade our systems and transform the Algo Lite stores into full Algo Platform stores. We have no doubt that this upgrade will continue to increase the level of store performances, increase store efficiency and improve customer satisfaction as they will always receive deliveries just in time and most importantly - always hot and fresh."

Mr. Ido Levanon, Dragontail's Managing Director, commented: "Dragontail developed a stripped down version of the full Algo Platform named the Algo Lite to be able to offer a product that is similar

(yet superior) to most last mile solutions in the market at a reduced price. However, we always knew that the “real game changing technology” is our unique full Algo Platform. We are delighted that FMI sees the value in these additional benefits and decided to upgrade their remaining stores. We value FMI as a loyal and professional customer and will continue to work with them in the close partnership we have known in recent years.”

The contract with FMI has no fixed term. Additional revenues from the upgrade will not be material relative to the annual revenues of the Company.

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

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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.