

28 May 2020

## CEO'S ADDRESS – GENERAL MEETING 28 MAY 2020

28 May 2020 (Australia): Dragontail Systems Limited (ASX: DTS, the “**Company**” or “**Dragontail**”), the technology company revolutionizing the Quick Service Restaurant (QSR) and food service industry, is pleased to release a copy of the Company’s CEO address for the Extraordinary General Meeting (“**EGM meeting**”) that is being held on May 28th, 2020.

The current funding process, for which the EGM meeting is convened, involves the investment of up to AUD\$19.25m from strategic partners, via the issue of convertible preference shares, in two stages (all in accordance to the Company's Announcement dated 23 March 2020).

The funding is being led by Eldridge Industries (“**Eldridge**”), and Goudy Park Capital LP (“**Goudy**”), with the support of the Company's largest Australia-based shareholder, Alceon Liquid Strategies Pty Ltd (“**Alceon**”).

The current fundraising will enable the Company to expand its activities and execute on the vast opportunities that presented to Dragontail which we are yet to realize. Among others, the Company will be able to expand into the significant market of the US, where extensive preparations are already under way, establishing the necessary infrastructure for marketing and sales activities. These include the execution of some new projects, penetrating the US market and accelerating cooperations such as with Tele Pizza - a global player with strong presence in Latin America and Iberia.

The funds will also serve the Company to repay its existing corporate loans with Alceon, and Eldridge, and thus be debt free.

Following the tremendous success in the UK, having the Algo Platform nationally installed across Pizza Hut stores in the UK, together with the recent launch of the AI-based QT Make-line Camera, the Company has successfully expanded its operations into more European countries, including Belgium.

The Company has also strengthened its executive backbone with the appointment as a Board member of Mr. Henry Shiner, who brings vast experience over many years of senior management and strategic positions at successful International and Australian-based companies. It is also proposed that Eldridge will nominate US-based Board members, further enriching the Board with their experience in the QSR industry.

Dragontail has reached the significant milestone of 2,500 global installations and has received very positive customers feedback supported by proven strong KPI improvements from using the Company's technology. We believe this will strongly position the Company to double its install base within 12 months and as a result be closer to a breakeven point.

Since launching its first product, every Dragontail customer who has installed the technology and remained operational has continued as a customer or expander their relationship with the Company. This is demonstrated by those who trialed the last mile solution, using Algo Lite, and eventually opted

to upgrade to the full Algo platform, such as FMI, the largest Pizza Hut franchisee in Canada. This enables the Company to increase its average monthly per-store recurring revenue.

While maintaining the position as the leading innovative technology company in the food delivery industry, the Company sees the current round of funding as a stepping stone towards accomplishing its goals, and scaling its installed base globally.

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

**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](http://www.dragontail.com).

**FORWARD-LOOKING STATEMENTS**

This address contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the political and economic environment in which the Company will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation or warranty is made that any of these statements or forecasts (express or implied) will come to pass or that any forecast result will be achieved.

Forward-looking statements speak only as at the date of this presentation and to the full extent permitted by law, the Company, its related bodies corporate and each of their respective directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including, but not limited to, any assumptions or expectations set out in the Information).