

MARKET UPDATE – US

Highlights

- **Strong progress in strategic expansion into the US; signing of numerous agreements with key QSR customers and partners.**
- **Papa John's: Master Services Agreement has been signed with Papa John's US, a prominent pizza chain operating in many locations across the US; the first phase will be a trial of Dragontail's curbside food pickup feature.**
- **Entry into mobile Food Truck sector: A MOU has been signed with Curb'd Inc. towards a joint venture to bring unique innovative features of Dragontail's Algo Platform and the QT AI Camera to Food Trucks across the US.**
- **Entry into 'Fast Casual' QSR segment: Statement of Work signed with Sweetgreen operating over 100 stores (and rapidly growing), an American high-end salad restaurant chain, to incorporate Dragontail's QT AI Camera system and Algo Kitchen Management into its stores across the US.**
- **Major US QSR franchisee: Statement of Work signed and the near completion of system integration work; rollout discussions are taking place – franchisee operating in several hundred locations.**
- **AT&T Partnership: Renewal of partnership with Dragontail to utilize AT&T's significant sales channel to secure new customers and mobile infrastructure assets.**

24 November 2020: Dragontail Systems Limited (ASX: DTS, the "**Company**" or "**Dragontail**"), bringing process efficiency and improving customer satisfaction through its Algo SaaS platform and QT AI camera system to the Quick Service Restaurant (QSR) and foodservice industry, is pleased to announce a Market Update for the US as part of its strategic expansion.

Strong progress has been made in the strategic expansion into the US leading to the signing of numerous agreements with key QSR customers and partners, to strengthen the sales channel and enter into new QSR segments represented in the US market.

Papa John's: Master Services Agreement has been signed with Papa John's US, a prominent pizza chain operating in many locations across the US; the first phase will be a trial of Dragontail's curbside food pickup feature. The curbside technology is a developmental module within the Algo Platform focused on optimizing food readiness for customer safe pickup.

Entry into mobile Food Truck sector: A Memorandum of Understanding ("**MOU**") has been signed with Curb'd Inc., to implement unique innovative features of Dragontail's Algo Platform and the QT AI Camera into Food Trucks across the US. Curb'd creates immersive public experiences in the area of a parking space. The Food Truck sector in the US is a US\$1.2bn per annum industry (2020)¹.

Under the agreement, the partnership will bring Food Truck operators a whole new level of operational streamlining, customer communications, AI-based recommendations on optimized location and scheduling the customer's arrival for food collection or home delivery. This is the product of newly assembled and groundbreaking features of the Algo Platform and QT AI Camera. These features will provide Food Trucks with improved operational efficiency in operations as well as the means to overcome the adverse effects of COVID-19 and support expansion of their offering, while increasing the customer base and revenue (strengthening their presence and availability thanks to the continuation of activity despite lock-downs or avoidance of crowds).

Entry into 'Fast Casual' QSR segment with Sweetgreen: A Statement of Work (SOW) has been signed with Sweetgreen, a fast growing chain that currently operating over 100 stores, to

incorporate Dragontail's QT AI Camera system and the Algo Kitchen management into its stores across the US. Sweetgreen is a fast growing American 'fast casual' high-end salad restaurant chain that serves high quality, fresh and healthy salads. Sweetgreen will benefit from Dragontail's latest QT AI Camera ground breaking modules, that will respectively also generate a significantly higher per store revenue for Dragontail.

Major US QSR franchisee: Rollout discussions are taking place with a US franchisee operating in several hundred locations. This follows the signing of a SOW and the near completion of system integration work. The major franchisee contact details cannot be disclosed at this point for confidentiality reasons.

AT&T Partnership: The partnership with AT&T is being renewed and broaden giving Dragontail access to AT&T's substantial sales channel in the US to secure new customers and leverage mobile infrastructure assets.

Mr. Ido Levanon, Dragontail's Managing Director, commented: "These initial wins represent the Company's strong progress and entry foothold into the US. We see great potential in these initial key relationships we have formed over recent months, which are just the tip of the iceberg when it comes to Dragontail's move into the US market. These agreements have been aided by the very positive results existing clients are experiencing using our technology in other markets across Asia, Canada, Australia, Europe and Africa. The US market is seen to be the leader in QSR innovation and fast food delivery by food product type."

Further updates will be provided in our next quarterly reporting or as material developments unfold.

This ASX Announcement was approved and authorised by Dragontail's Managing Director.

Ido Levanon, CEO
P: +61-3 9010 5759

Glen Zurcher, Investor Relations
P: +61 420 249 299 / glen@viriair.com

¹ <https://www.ibisworld.com/industry-statistics/market-size/food-trucks-united-states/>

About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) and foodservice industry with its core technology offering being its patented **Algo Platform** and **QT AI camera system**, sold under a cloud-based monthly subscription-based Software-as-a-Service (SaaS) revenue model which results in time and cost savings, and improved customer satisfaction through:

- Optimising and managing kitchen process task flow and timing from order to delivery
- Checking food quality and consistency
- Providing customers visibility over their food orders
- Acting as a valuable training tool for staff
- Controlling for food hygiene and sanitisation
- Managing driver activities leading to increased efficiency

The **Algo Platform** 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 Algo integrates into a QSR's point of sale (POS) system.

The **QT AI camera** system's sensor and camera automatically monitor the preparation and cooking process in the kitchen. Using proprietary patented advanced AI machine-learning technology, the system keeps improving its diagnostics, becoming even more efficient. The QT has been upgraded in 2020 for hygiene and sanitisation checking. Dragontail's offering consists of:

1. **Total Technology solution:** Algo Platform + POS + online ordering developed by Dragontail in partnership, resulting in a full and ready integration).
2. **Algo Platform or full Algo:** Ready to integrate into an existing QSR POS system, managing the entire food preparation process from order to delivery.
3. **Algo Lite:** A delivery module – driver tracking and order aggregation. A QSR may begin with this system and migrate across to the full Algo over time.
4. **QT AI camera quality system:** Proprietary developed camera hardware and software used to quality control food preparation.

Dragontail is rolling out its technology globally and has signed contracts with leading QSR franchisors and franchisees including key contracts with Yum! Brands, TelePizza and household names like Dominos, Pizza Hut and KFC, and has formed partnerships with global aggregators (third party delivery operators such as Deliveroo, DoorDash, Grab and FOOD PANDA), across a growing number of countries globally.

For more information, visit www.dragontail.com.