

DRAGONTAIL SCHEME IMPLEMENTATION UPDATE – EFFECTIVE DATE

31 August 2021: Dragontail Systems Limited (ASX:DTS, **Dragontail** or **DTS**), 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 provide an update on the Scheme of Arrangement (**Scheme**) to effect the acquisition by Yum Connect Australia Pty Ltd, as follows:

- An office copy of the orders made on 31 August 2021 by the Federal Court of Australia to approve the Scheme, has been lodged today with the Australian Securities and Investments Commission. Accordingly, pursuant to section 411(10) of the *Corporations Act 2001* (Cth), the Scheme is now legally effective.
- Further, as foreshadowed in the DTS Scheme Booklet dated 19 July 2021, all options to subscribe for DTS ordinary shares are now cancelled.
- It is expected that trading in DTS's ordinary shares will be suspended from close of trading today.
- The Scheme is expected to be implemented on 7 September 2021 (**Scheme Implementation Date**).
- DTS ordinary shareholders will receive Scheme consideration of A\$0.235 cash for each DTS ordinary share they held as at 5.00pm (Perth time) on 2 September 2021 (ie, the Scheme record date) (**Scheme Consideration**), and such payment will be made after the Scheme Implementation Date, subject to the terms of the Scheme and depending on the Israeli withholding tax arrangements applicable to them.
- DTS ordinary shareholders are reminded to please read the Scheme Booklet for further information as to the Israeli withholding tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration. We draw shareholders' attention to the flow diagram in Section 2.2 of the Scheme Booklet which sets out the additional supporting documentation (in most cases, a copy of a passport) to be included with the Israeli Withholding Tax Declaration.

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

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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, KFC, Papa John's and Sweetgreen, and has formed partnerships with global aggregators (third party delivery operators such as Uber Eats, Deliveroo, DoorDash, Grab and FOOD PANDA), across a growing number of countries globally.

For more information, visit www.dragontail.com.

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Federal Court of Australia

District Registry: New South Wales

Division: General

No: NSD626/2021

IN THE MATTER OF DRAGONTAIL SYSTEMS LIMITED ACN 614 800 136

DRAGONTAIL SYSTEMS LIMITED ACN 614 800 136

Plaintiff

ORDER

JUDGE: JUSTICE HALLEY

DATE OF ORDER: 31 August 2021

WHERE MADE: Sydney

THE COURT ORDERS THAT:

1. Pursuant to s 411(4)(b) of the *Corporations Act 2001* (Cth) (**Act**), the scheme of arrangement between the plaintiff and its ordinary shareholders, being in the form tendered and marked Exhibit 3 in these proceedings (**Scheme**), be approved.
2. The plaintiff lodge with the Australian Securities and Investments Commission a copy of the approved Scheme at the time of lodging a copy of these Orders.
3. Pursuant to s 411(12) of the Act, the plaintiff be exempted from compliance with s 411(11) of the Act in relation to the Scheme.

THE COURT NOTES THAT:

4. Clause 5.2(c) of the Scheme requires the plaintiff (or to procure the "Paying Agent" as defined in the Scheme) to make available electronically and/or by mail to each holder of record (as of the "Record Date" as defined in the Scheme), a copy of the "Tax Declaration" (as defined in the Scheme) and instructions thereto.

THE COURT ORDERS THAT:

5. At the time of notifying shareholders pursuant to clause 5.2(c) of the Scheme, the plaintiff:

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a. shall send (or procure the "Paying Agent" (as defined in the Scheme) to send) to those Shareholders who have not returned any "Tax Declarations" (as defined in the Scheme):

i. if such Shareholder has, in accordance with the Act, nominated an electronic address for the purposes of receiving notices of meeting from the plaintiff, sending to such address, an email to such Shareholder substantially in the form of the document which is Annexure HHJ-38 to the eleventh affidavit of Helen Hui Jin affirmed on 31 August 2021 in these proceedings; and

ii. a letter to such Shareholder (other than those referred to in Order 5(a)(i) above) by pre-paid post, or in the case of a Shareholder whose registered address is outside Australia, by pre-paid air mail, a letter substantially in the form of the document which is Annexure HHJ-39 to the eleventh affidavit of Helen Hui Jin affirmed on 31 August 2021 in these proceedings,

and shall further cause communications to be made to those Shareholders who have not returned any Tax Declarations, and for whom it has a telephone number, by calling such Shareholders provided the caller follows a script substantially in the form of the document which is Annexure HHJ-14 to the sixth affidavit of Helen Hui Jin affirmed on 16 July 2021; and

b. shall send (or procure the "Paying Agent" (as defined in the Scheme) to send) to those Shareholders who have returned Tax Declarations that were incomplete and/or not accompanied by the required supporting documents:

i. if such Shareholder has, in accordance with the Act, nominated an electronic address for the purposes of receiving notices of meeting from the Plaintiff, sending to such address, an email to such Shareholder substantially in the form of the document which is Annexure HHJ-40 to the eleventh affidavit of Helen Hui Jin affirmed on 31 August 2021 in these proceedings; and

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ii. a letter to such Shareholder (other than those referred to in Order 6(b)(i) above) by pre-paid post, or in the case of a Shareholder whose registered address is outside Australia, by pre-paid air mail, a letter substantially in the form of the document which is Annexure HHJ-41 to the eleventh affidavit of Helen Hui Jin affirmed on 31 August 2021 in these proceedings,

and shall further cause communications to be made to those Shareholders who returned Tax Declarations which were incomplete and/or not accompanied by the required supporting documents by notifying those Shareholders of the nature of those deficiencies, in the manner set out in paragraph 14 to the eleventh affidavit of Helen Hui Jin affirmed on 31 August 2021 in these proceedings.

6. By no later than three months after the entry of these orders, the Plaintiff shall undertake the steps set out in Order 5 above a second time, in respect of the Shareholders who received notification pursuant to clause 5.2(c) of the Scheme and who otherwise satisfy the criteria set out in either Order 5(a) or Order 5(b) above at that time.

Date that entry is stamped: 31 August 2021

Sia Lagos
Registrar

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