THE RESTAURANT
OF **FUTURE**
THE
HAS ARRIVED CONNECTED
INTELLIGENT
END TO END

Quarterly Update Presentation
September 2020 (Q3 FY2020)

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Our Mission

Dragontail Systems is the leading B2B end-to-end provider of revolutionary

software and analytical solutions,

using artificial intelligence (AI), for the optimisation

of the food preparation and delivery industry.

Introducing Dragontail Systems

- Founded in 2013
- Listed in the Australian Stock Exchange (ASX:DTS)
- We provide technology solutions for the food industry, building on Artificial Intelligence to optimize food and beverage delivery in high volume food service operations
- Over 2,200 sites installed by early 2020
- Key customers like Domino's, Pizza hut, KFC and others are reporting major operational improvements and increase customer satisfactions from using our technology.
- Flagship Solutions :
  - The Algo Dispatching System which automates the E2E kitchen flow and synchronizes it with the dispatching of waiters and drivers.
  - The QT™ Computer-Vision Quality Management System – combining advanced imaging hardware & algorithms to ensure service compliance with defined quality standards.

The only company in the world to develop a proven AI technology targeted and specialized in Food Preparation and food Delivery Optimization

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The Problems that we Solve

Not just another Last Mile solution, but EVERY mile solution - from **kitchen** to customer's Door

RISING LABOUR COSTS

DIFFICULTY FINDING DRIVERS

MISTAKES IN FOOD PREPARATION

LONG DELIVERY TIMES

HIGH EMPLOYEE TURNOVER

FOOD WASTE

BACKLOG IN THE KITCHEN

INCREASED COMPETITION

...And: Safety & Contactless

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Business Performance Snapshot

Cash Receipts - Quarterly

US$ '000

Quarter	Value
Q3 FY2019 (Sept)	244
Q4 FY2019 (Dec)	214
Q1 FY2020 (Mar)	200
Q2 FY2020 (June)	310
Q3 FY2020 (Sept)	403

+55%
+30%

Global QSR Rollout

Stores contracted: 2,191 — 3,364 — 3,814 — 5,414 — 5,608
Store installations completed: 262 — 2,003 — 2,003 — 2,317 — 2,361

Q4 FY2018 (Dec) · Q2 FY2019 (June) · Q4 FY2019 (Dec) · Q2 FY2020 (June) · Q3 FY2020 (Sept)

—— Stores contracted   - - - Store installations completed

Strong cash flow growth on back of commencement of recurring revenue billing from new installations; 100% customer retention track record

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Key wins in the September ended quarter

Algo Platform

Food Delivery Brands Group
Announced 1 October 2020

- Master Service Agreement (MSA)
- Multi-branded Pizza delivery operator (Telepizza, Pizza Hut , Apache, Jenos Pizza)
- Latin America + other markets
- 30 countries / 2,500 stores

Other markets – wider and deeper expansion

- South Africa
- Spain
- Sweden
- Germany

Collaborations

Aggregators* (3rd party delivery operators)
Announced 6 October 2020

- Uber Eats (US)
- Deliveroo
- GRAB (acquired by Uber South Asia)
- FOOD PANDA

Product

QT AI Camera - enhanced for sanitary standards
Launched Q2, 2020 / rolled-out Q3, 2020

Algo Module – Driver's Safety
Launched September 2020

* Aggregators form an important element in Dragontail's strategic positioning. Collaborations have been signed with all key Aggregators globally and integration work has been completed into their systems which places Dragontail in a strong position to sell the Algo Platform into their customers' QSR chains.

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Presence on all continents achieved in the last 12 months

Red Markers – Signed Contracts. Going live shortly

Outlook

Ido Levanon, Dragontail's Managing Director commented:

"As part of our strategy to penetrate the US market and after establishing our first presence on the East Coast, we are currently in advanced negotiations with potential customers and are hopeful to announce positive outcomes of these negotiations in the current quarter.

In other markets, the impact of the slowdown of new installations during the past 2 quarters due to Covid is expected to significantly recover and pick-up towards the end of the calendar year leading to strong revenue growth."

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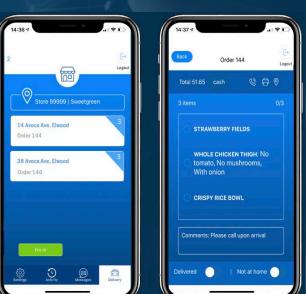
Our Flagship Products

- **The Algo Dispatching System ™** - Optimizes the end-to-end operations chain in a restaurant from **kitchen** to dispatch

- **The QT™ Computer-Vision Quality Management System** - Ensures compliance to defined food quality standards through advanced imaging technology
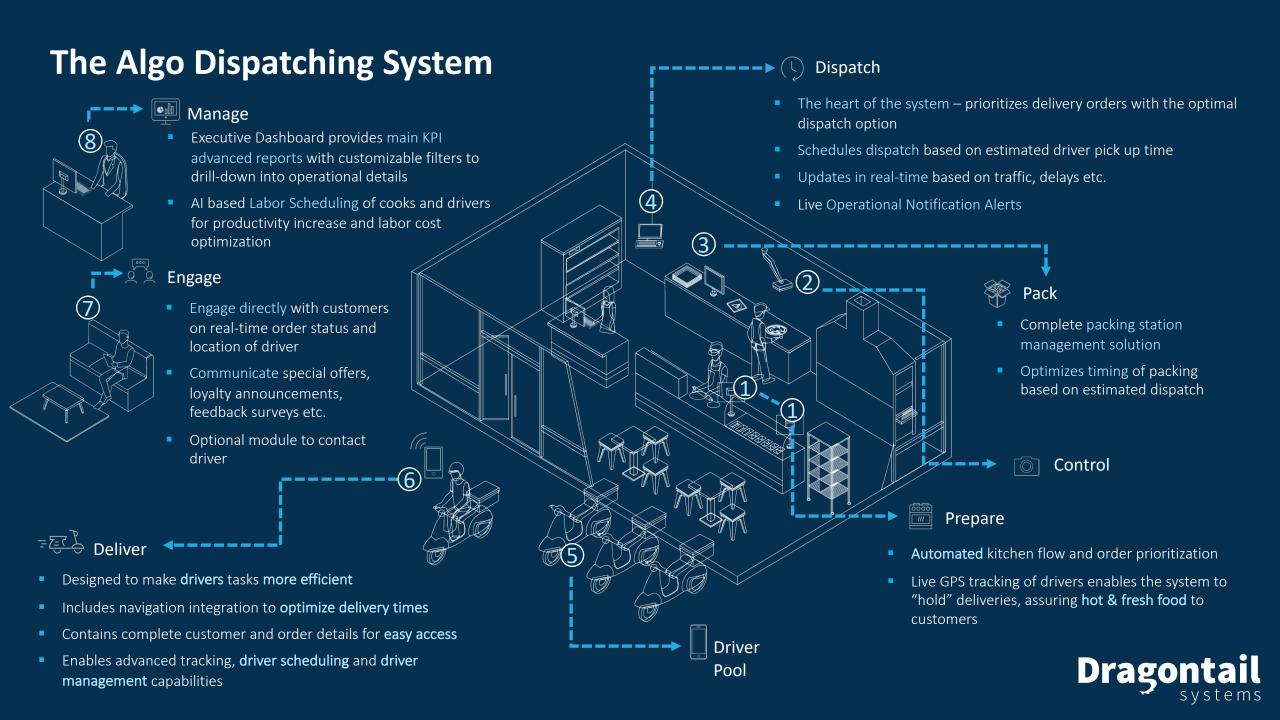
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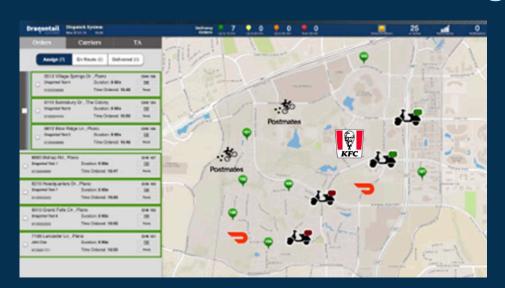# The Algo Dispatching System™

The Algo Dispatching System

Dispatch
- The heart of the system – prioritizes delivery orders with the optimal dispatch option
- Schedules dispatch based on estimated driver pick up time
- Updates in real-time based on traffic, delays etc.
- Live Operational Notification Alerts

Manage
- Executive Dashboard provides main KPI advanced reports with customizable filters to drill-down into operational details
- AI based Labor Scheduling of cooks and drivers for productivity increase and labor cost optimization

Pack
- Complete packing station management solution
- Optimizes timing of packing based on estimated dispatch

Engage
- Engage directly with customers on real-time order status and location of driver
- Communicate special offers, loyalty announcements, feedback surveys etc.
- Optional module to contact driver

Control

Prepare
- Automated kitchen flow and order prioritization
- Live GPS tracking of drivers enables the system to "hold" deliveries, assuring hot & fresh food to customers

Deliver
- Designed to make drivers tasks more efficient
- Includes navigation integration to optimize delivery times
- Contains complete customer and order details for easy access
- Enables advanced tracking, driver scheduling and driver management capabilities

Driver Pool

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Dragontail's AI technology
Is like placing a super manager in every store

Algo now incorporates 3rd party drivers

- **Enables restaurants to use their own drivers or aggregator drivers, or a combination of both**

- **Allocates aggregator and employee drivers using AI**

- **Reduces delivery costs while improving the customer experience**

- **Allows restaurants to control aggregator fees**

TIMING OF KITCHEN <> DRIVERS ACTIVITIES

- Order will appear in the kitchen based also on Aggregator driver ETA

- Real-Time update of All Drivers locations and ETAs

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Global Partners

Over time both QSRs and aggregators realized that utilizing DT unique tech is significantly benefiting all parties, enabling DT to generate higher revenue per store and expanding its potential customer base.

IMMEDIATE ROI

In Customers' own words

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Enthusiastic praises from our customers

"Look at those results!!!"

"Feel free to share/include however you want…"

"Thanks for being my partner in making this happen!
And we're only just getting started…"

"Also, no other market has shown even close
to this type of improvement, not even half!"

David Sturdee | Chief Customer Officer at Yum! Brands
May 20,2020

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DRAGONTAIL
UK DELEX PRELIMINARY ANALYSIS

JULY 2020

DRAGONTAIL HELPED TO REDEFINE REALITY;

Where Are We Seeing Impact:

Hut Level

- Efficient production

- Just in time production

- Efficient dispatch

- Freeing up shift manager

- Rich operating metrics to now manage the business
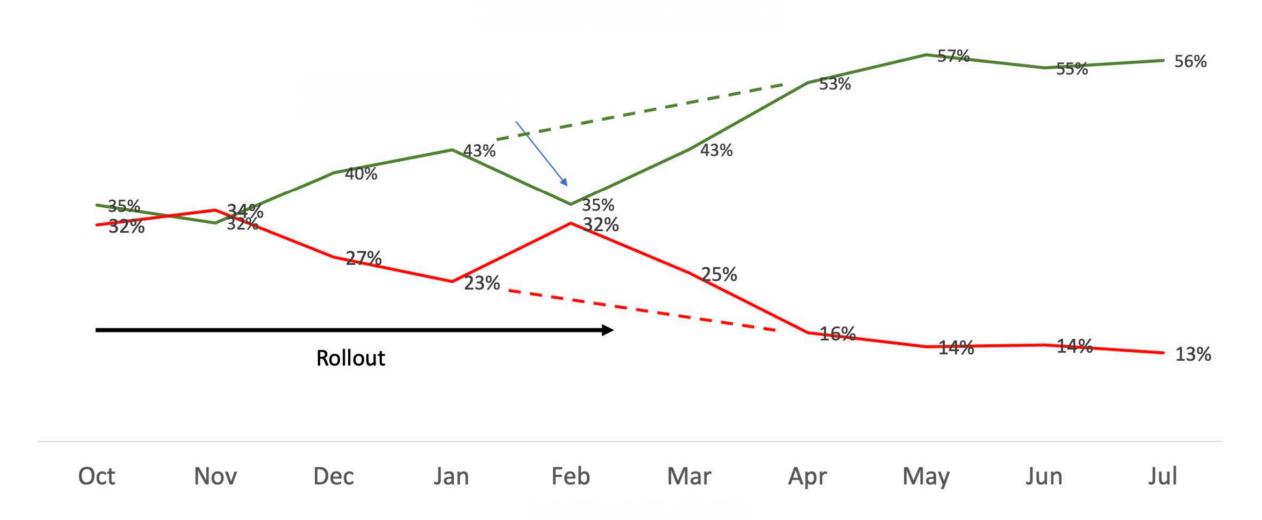
System Level

- Accurate ETA

- Driver tracker

- True view of operating performance

- Integrated into Customer Care

- Integrated into HutBot

- Rich data into BI environment
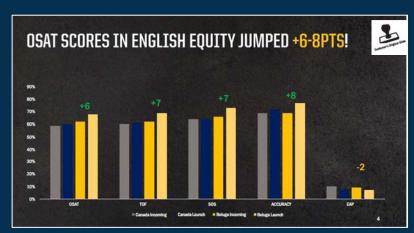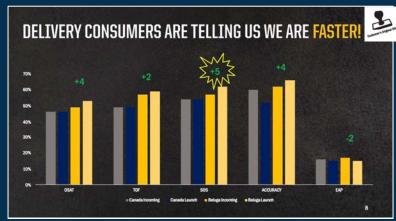
Results Have Continued to Improve

Delivering real customer results

- Overall satisfaction in English Equity jumped +6-8pts

- Delivery consumers are telling us we are faster with speed of service +5pts

- We are also making less mistakes with averages remakes per store reducing

- Average delivery times under 30 mins has risen to 68% from 45%

- Product quality has improved with 81% (Jun 18) hot and fresh* compared to 55% (Aug 19)

- Leading to increasing customer frequency (+24% over 10 months since Algo was installed)

* Hot & fresh % - orders with under 20 min between pack & delivery time
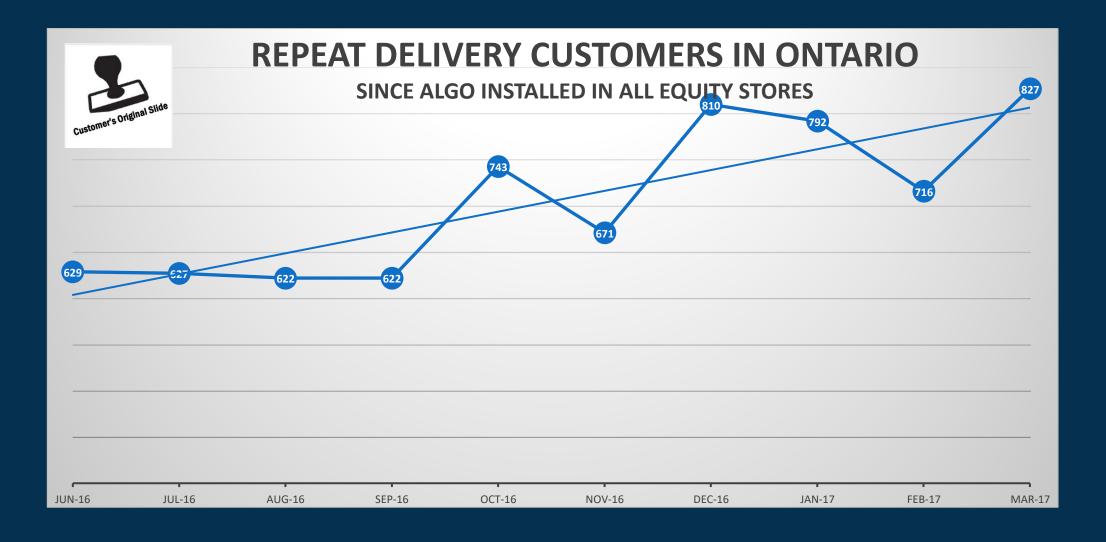
REPEAT DELIVERY CUSTOMERS

QT™ benefits

Product Quality

- Automatically identifies quality of item (e.g. quality of pizza crust, chicken colour and breading)

- Ensures food is at optimum temperature

Portion Control

- Ensure exact quantities of toppings to reduce "over-topping" and save money

Reduce Food Waste

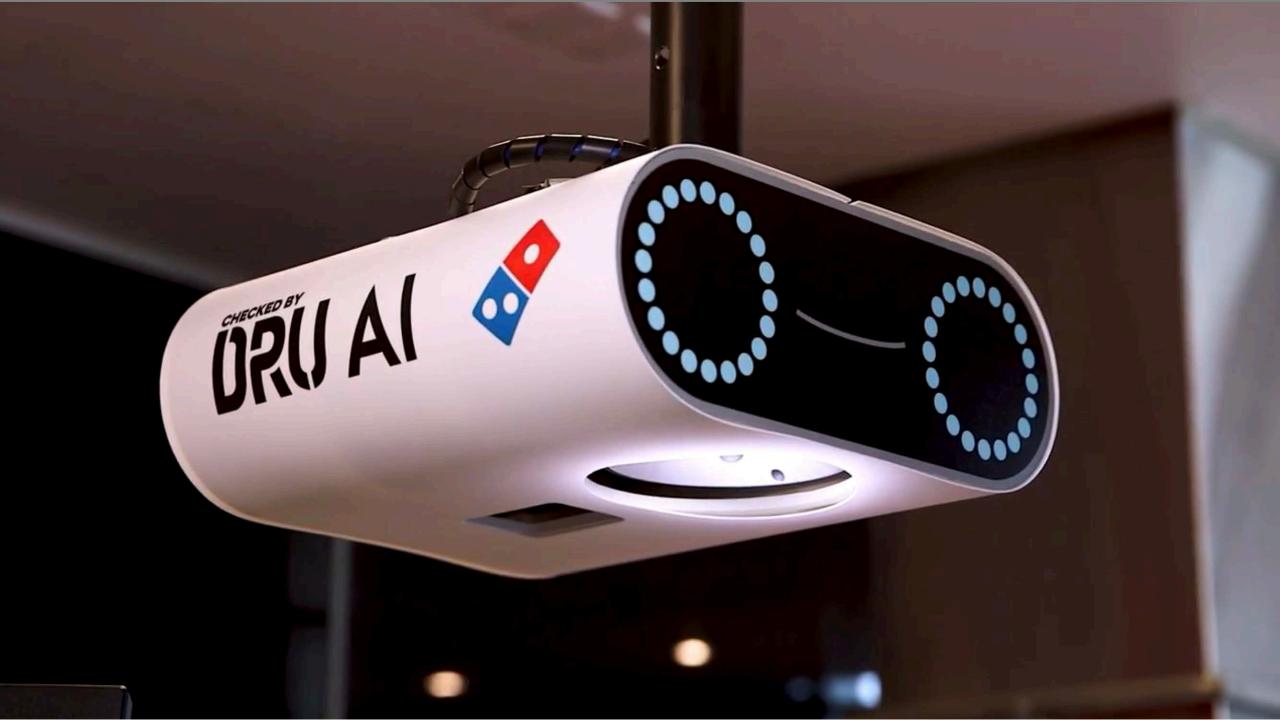- Ensure "accidental food items" are promoted by the call-center / front desk in a timely manner

Operational Improvements

- Expediting all after-oven activities, and eliminating order packing mistakes

Customer Engagement

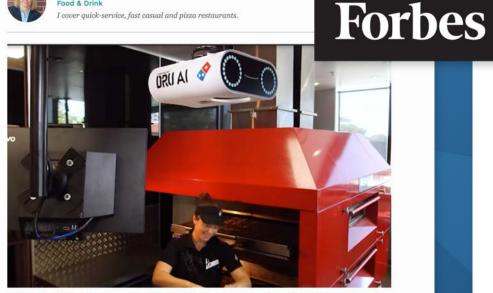- Clients can receive an enhanced picture of their freshly made order using Image Texturing Enhancement Technology

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Dragontail on Forbes Magazine last month

Domino's Australia Is Continuing Its AI Partnership – A Strong Vote Of Confidence For The Technology

Alicia Kelso Senior Contributor
Food & Drink
I cover quick-service, fast casual and pizza restaurants.

Forbes

The QT camera above the pack station in a Domino's store leverages artificial intelligence to ensure ... [+]
DOMINO'S AUSTRALIA

www.forbes.com | Jul 1,2020

In May 2019, after three years in development, Domino's Australia business added the "DOM Pizza Checker," which uses AI to scan each pizza to confirm they measure up to quality standards. The chain collaborated with Dragontail Systems to create the platform, which improved quality scores by 15% in its first month alone.

"If the pizza meets our high standards, it's good to go and if it's not made right, we'll make it again," a Domino's Australia spokesperson said in an emailed statement.

Since its launch, the DOM Pizza Checker has scanned more than 50 million pizzas.

Pizzas that don't pass muster are donated to local community groups or homeless organizations, or they're offered to customers as an add-on for having to wait for another pizza to be made. Local stores are encouraged to use their discretion when it comes to pizzas that require a remake.

The company's spokesperson adds that there are currently no quick-service restaurants in the world that can "assure customers that their products have passed a quality check."

Indeed, the No. 1 complaint Domino's Australia receives is "my pizza doesn't look like it should." Because the chain is solving this specific issue with DOM, the spokesperson said the system has been well received by franchisees, employees and customers. Though that doesn't answer the direct question of whether or not there is a strong return on investment, Domino's and Dragontail Systems officially announced the continuation of their partnership this week, a strong vote of confidence.

This lends itself to a follow up: What is the potential for AI in the restaurant industry in general?

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Our Strengths

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Leading Unique Technology

Revolutionary AI software and analytical solutions for the QSR industry, achieving the upmost optimisation for food preparation & delivery

Large Addressable Market

The QSR market spans hundreds of thousands of stores globally, inherently holds tremendous potential

Global Team

4 continents, 9 counties, 40 staff

Accelerated Growth

While ensuring product performance and efficient conduct

Global Recognition

Industry's leading global players announced our products as mandatory/chosen solution, including – PH, KFC, Domino's

Scaling Up

Constantly developing further technologies thus adapting customer needs and maintaining the leading position

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Funding Summary Since Inception

Accomplishing so much with so little

Pre IPO Seed Investor	AUD 2.2M
Pre IPO Australian Investor	AUD 1.5M
IPO Round	AUD 6M
2017 Round	AUD 8.8M – Australian Investors
2018 Round	AUD 6M – Tiger Global USA
2020 Round	AUD 12M – 2 USA Funds (Eldridge & Goudy Park Capital)
Total in AUD	36.5M
Total in USD	**24.82M**

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Investment Highlights Summary

1

Unique, first mover technology

The **Algo** fully automates the kitchen flow, dispatch and delivery process, while others only focus on driver dispatch and tracking. The **QT**, a Computer-Vision Quality Management System, ensure service compliance with defined quality standards.

2

Significant market opportunity

Fast food/QSR/delivery market size of over $400 billion globally. Potential to expand into additional markets (supermarket, airline/other catering, non-food same day deliveries).

3

High calibre management team

Management has significant expertise across technology, systems management and business development, combined with focused knowledge and experience in the QSR segment.

4

Significant competitive advantage

The **Algo** - uses a sophisticated algorithm and years of on-site operation insights creating high barriers for competitors. The **QT** - utilizes AI to monitor key elements during the preparation process.

5

Established & growing revenue base & pipeline

The **Algo**, installed in Australia, the UK, Canada, Singapore, Israel, the US; The **QT**, installed across Australia and New-Zealand, both generating a significant monthly revenue, while additional new markets are expected.

6

Strong validation from leading QSR's

QSR customers reports additional monthly revenues of ~10% and monthly labor cost savings of ~3%, while significant improvements in customer satisfaction and a reduction in customer complaints.

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Corporate Summary

Capital Structure (ASX: DTS)

Market Cap. as of 28 October 2020	AUD$35.7m
Share Price as at 28 October 2020	AUD$0.125
Shares on Issue	285,998,462
Convertible Preference Shares[1]	55,769,232
Options[2]	22,233,333
Cash at bank (30 September 2020)	USD$3.0m

1. Convert 1 for 1 on election by holder.

2. Options consist of ESOP and adviser options.

Board of Directors

● **Ido Levanon** | Managing Director

The Algo fully automates the kitchen flow, dispatch and delivery process, while others only focus on driver dispatch and tracking. The QT, a Computer-Vision Quality Management System, ensure service compliance with defined quality standards.

● **Yehuda Shamai** | Non-Executive Chairman

Established and managed large Israeli entities with international brands such as Pizza Hut, KFC and Domino's Pizza

● **Adam Sierakowski** | Non-Executive Director

Corporate lawyer and a founding director of the legal firm Price Sierakowski.
He has over 20 years of experience in legal practice corporate advice

● **Ron Zuckerman** | Non-Executive Director

Tech entrepreneur and investor, one of the founders of Sapiens International

● **Henry Shiner** | Non-Executive Director

Vast experience in senior management and strategic positions in the QSR industry, including Vice President, Chief Information Officer (CIO) Australasia and then Vice President Global Financial Transformation IT at McDonalds.

Substantial Shareholders[3]

	%
Yehuda Shamai	11.45
Tiger global management	10.8
Exhibition lp (Goudy Park)	8.57
Ido Levanon	7.87

3. As per substantial shareholder notices.

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8 Min Ted-Like talk about Dragontail's Tech

https://vimeo.com/328605973/5da2673757

Watch us and our systems in action at:

http://www.dragontail.com/watch-us-in-action/

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Thank you!

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