DRAGONTAIL INTEGRATES DRONE FOOD DELIVERY OPTIMISATION CAPABILITY TO ITS ALGO PLATFORM FOLLOWING WINNING A GOVERNMENT TENDER

Highlights

- **Integration of drone food delivery optimization capability into Dragontail's Algo Platform – a major innovation at the forefront of the industry's drive to improve delivery speed and customer service, and lower cost.**

- **The new Algo Platform capability synchronizes and optimizes the food preparation process as well as schedules the drone for the food collection and delivery to the end customer in a single or multistep process.**

- **This cutting-edge development will enable Dragontail to offer one-of-a-kind drone delivery capabilities globally based on the Algo Platform, also combining restaurant drivers and Aggregators and in the longer term, application into other addressable markets globally.**

- **The drone transportation capability optimized with Dragontail's technology along with its partners, was won on the back of a tender issued by the Israeli Ministry of Transportation and the Innovation Authority with the cooperation of the Civil Aviation Authority to find new transportation solutions in dense urban environments.**

8 December 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 that it has won, an innovative tender, together with its partners, for food deliveries by drones, using a ground-breaking technology. The development of an integrated drone food delivery optimization capability into Dragontail's Algo Platform is a major innovation at the forefront of the industry's drive to improve delivery speed and customer service, and lower cost.

A short video demonstrating this unique technology is available at this link: https://www.dragontail.com/watch-us-in-action/.

Development of the drone food delivery optimization technology is the result of a collaboration with its project partners that specialize in drone control systems. The tender was won from the Israel Innovation Authority (Ministry of Science) with the cooperation of the Civil Aviation Authority with the purpose of finding new transportation methods for light cargo in dense urban environments that suffer road congestion. Special consideration was given working with the Civil Aviation Authority for the requirement of flight permits involving strict security hurdles to be met. This resulted in an initiative to develop the ability to use drones as a carrier throughout urban spaces.

As part of the solution, the Algo Platform will coordinate the food preparation process in the kitchen as well as schedule the drone for the food collection in a synchronized timing and delivery to the end customer. The partners will be fed the relevant information in order to activate drones and fulfill their operation, as well as software that enables management of several drones simultaneously, under supervision and needed directions.

Delivery by the drone is made from the restaurant directly to the customer's home, or to a selected location, a so called delivery hub, from which the last step of delivery or 'last mile' is completed using locally based drivers, travelling only short distances. By using a drone plus driver or Aggregator combination, a far superior outcome (including delivery speed and customer service improvement and at lower cost) can be achieved by operators in very dense city environments, and restaurants can even increase their customer catchment area. In addition, the solution can also provide a multi-delivery program that enables the dispatch of several food deliveries in one

order whereby a drone carries more than one pizza at a time to different customers located in the same area.

The application of drone technology by Dragontail's Algo Platform into our immediate addressable market of food delivery will be responsible for the synchronization and optimization of the overall process (to improve delivery speed and customer service, and lower cost), having a drone as the food carrier. This cutting-edge development will enable Dragontail to offer one-of-a-kind drone deliveries capabilities globally based on the unique Algo Platform, thus also combining the restaurant drivers and Aggregators. The technology is aimed to be initially rolled out in Israel under approximately 10 to shortly be approved 'air bubbles'.

Ido Levanon, Dragontail's Managing Director Commented*: "We are very excited to participate in a project that up until now was practically imaginary. This ground breaking devolvement is one more piece of the puzzle of using AI technology to help restaurants around the world deliver their meals to customers in the most efficient and optimized way. We are working with excellent professional partners and are confident that our system now integrating drone delivery optimization technology will be an industry-changing technology for the whole food industry. We are presenting the next generation of 'optimized' food delivery and improved customer service making all stakeholders winners.*

The importance however of the application of our technology and that of our partners has implications well beyond our own sector and marks a big step towards developing a drone based transportation framework, which includes establishing the important elements of permitting and infrastructure, for the transportation of light cargo more broadly, for example in the medical field and for passenger transportation. We see the role of this technology to have broad application and implications well beyond the food industry into broader addressable markets over the long term, not only in Israel but also globally."

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.