

DRAGONTAIL SCHEME IMPLEMENTATION – REMINDER

12 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 the following reminder in relation to the Scheme of Arrangement (**Scheme**) to effect the acquisition by Yum Connect Australia Pty Ltd:

- DTS has today despatched reminders to its ordinary shareholders 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 attached which sets out the additional supporting documentation (in most cases, a copy of a passport) to be included with the Israeli Withholding Tax Declaration. For full details please refer to section 2.2 of the Scheme Booklet, a copy of which is attached for your convenience.
- The Scheme Booklet was announced on 19 July 2021 and despatched to DTS ordinary shareholders on 22 July 2021. You can access the Scheme Booklet online at the following link: <https://www.dragontail.com/investors/scheme>
- If shareholders would like to receive a hard copy Scheme Booklet or if you have any questions in relation to the Scheme Booklet or the Scheme, please call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time).

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.

2.2 Israeli Withholding Tax Declaration

The transfer of your DTS Shares to YUM! BidCo under the Scheme may have tax consequences depending on your personal facts and circumstances. You should seek professional taxation advice regarding the individual tax consequences applicable to you.

Under the Israeli Tax Ordinance [New Version], 5721-1961, a foreign tax resident may be subject to Israeli tax for capital gain arising from the sale of rights and/or shares of a foreign tax resident company which has its main assets in Israel (whether the asset is held directly or indirectly). Also, under Israeli law, a withholding tax should be deducted from income by a foreign resident if such income is subject to Israeli tax. The obligation to deduct such withholding tax falls on the payer of consideration, even if such payer is a non-Israeli tax resident. It is notable, however, that the Israeli Tax Ordinance also provides an exemption from Israeli tax for capital gain arising at the hands of a foreign tax resident from the sale of shares of a foreign company its main assets are an Israeli company, subject to certain conditions (such as, inter alia, that the capital gain is not in the seller's permanent enterprise in Israel, and that the shares are not traded on a stock exchange market in Israel).

Therefore, DTS has applied for and obtained a tax ruling issued by the Israeli Tax Authority (ITA) dated 16 June 2021 with regard to the Israeli withholding tax arrangement applicable to the payment of Scheme Consideration (**Israeli Withholding Tax Ruling**).

A copy of the Israeli Withholding Tax Ruling is set out in Annexure B and a summary of its contents is provided in the Israeli Tax Letter in Section 12. An Israeli Withholding Tax Declaration is enclosed.

To ensure you receive your Scheme Consideration promptly after implementation of the Scheme (without deduction for any Israeli Withholding Tax, to the extent that you are eligible for an exemption from Israeli Withholding Tax), please review both the table and the flowchart below to determine which category applies to you and follow the instructions in the Israeli Withholding Tax Ruling. (Instructions on signing and return of the Israeli Withholding Tax Declaration form are specified on that form.)

Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
1. If the Scheme Participant is a non-Israeli broker (ie, nominee or custodian) holding Scheme Shares in the name of members of the Israel Stock Exchange (Members of ISE) for the benefit of Scheme Participants. (Section 3.3.1 of the Israeli Withholding Tax Ruling)	No, the Paying Agent will pay 100% of the Scheme Consideration to this Scheme Participant ¹ , subject to compliance with the terms of the Israeli Withholding Tax Ruling. This Scheme Participant will transfer 100% of the Scheme Consideration attributable to each Member of ISE after such Member of ISE provides a completed Israeli Withholding Tax Declaration (with all	The Paying Agent will pay 100% of the Scheme Consideration to this Scheme Participant ¹ after each Member of ISE provides a completed Israeli Withholding Tax Declaration (with all required supporting documents) to this Scheme Participant and after such declaration is approved by the Withholding Agent. The Members of ISE will be responsible for any Israeli Withholding Tax required pursuant to Israeli tax law.	If any Member of ISE does not provide a completed Israeli Withholding Tax Declaration (with all required supporting documents) to this Scheme Participant by 1 September 2022 ² , then the Paying Agent will pay 75% of the Scheme Consideration (in Australian dollars) to this Scheme Participant ¹ and 25% of the Scheme Consideration (in Australian dollars) to the Withholding Agent, who will remit such amount (in Israeli new shekels)

¹ If payment is rejected or returned, then the *Unclaimed Money Act 1995* (NSW) may apply in accordance with the Scheme.

² Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.

Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
	required supporting documents) to this Scheme Participant and after such declaration is approved by the Withholding Agent.		to the ITA – such payment satisfies the Israeli Withholding Tax obligation of this Scheme Participant in full. It may be possible to obtain a refund from the ITA of the tax withheld if the Members of ISE should have been exempt from Israeli Withholding Tax or if a lower Israeli Withholding Tax rate applies to the Members of ISE. To apply for such a refund, this Scheme Participant should seek professional taxation advice and contact the Withholding Agent. Please note that any such refund (if payable) will be paid by the Israeli Tax Authority in Israeli new shekels. Accordingly, subject to exchange rate fluctuations and the applicable rate of withholding tax, the value of the refund amount when converted to Australian dollars may be higher or lower than the 25% of the Scheme Consideration in Australian dollars.
2. A non-Israeli resident holding Scheme Shares in their own name or through a non-Israeli broker (ie, nominee or custodian), where the number of Scheme Shares held by that person is less than 5% of all Scheme Shares	No, the Paying Agent will pay 100% of the Scheme Consideration to this Scheme Participant ³ , subject to compliance with the terms of the Israeli Withholding Tax Ruling and such Scheme Participant's eligibility for an	This Scheme Participant will need to provide to the Paying Agent by 1 September 2022 ⁴ , an Israeli Withholding Tax Declaration in which the Scheme Participant confirms they meet the requirements to be eligible for an exemption from Israeli Withholding Tax (as set out in the Israeli Withholding Tax	If this Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling by 1 September 2022 ⁴ , then the Paying Agent will pay 75% of the Scheme Consideration (in Australian dollars) to this Scheme Participant ³

³ If payment is rejected or returned, then the *Unclaimed Money Act 1995* (NSW) may apply in accordance with the Scheme.

⁴ Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.

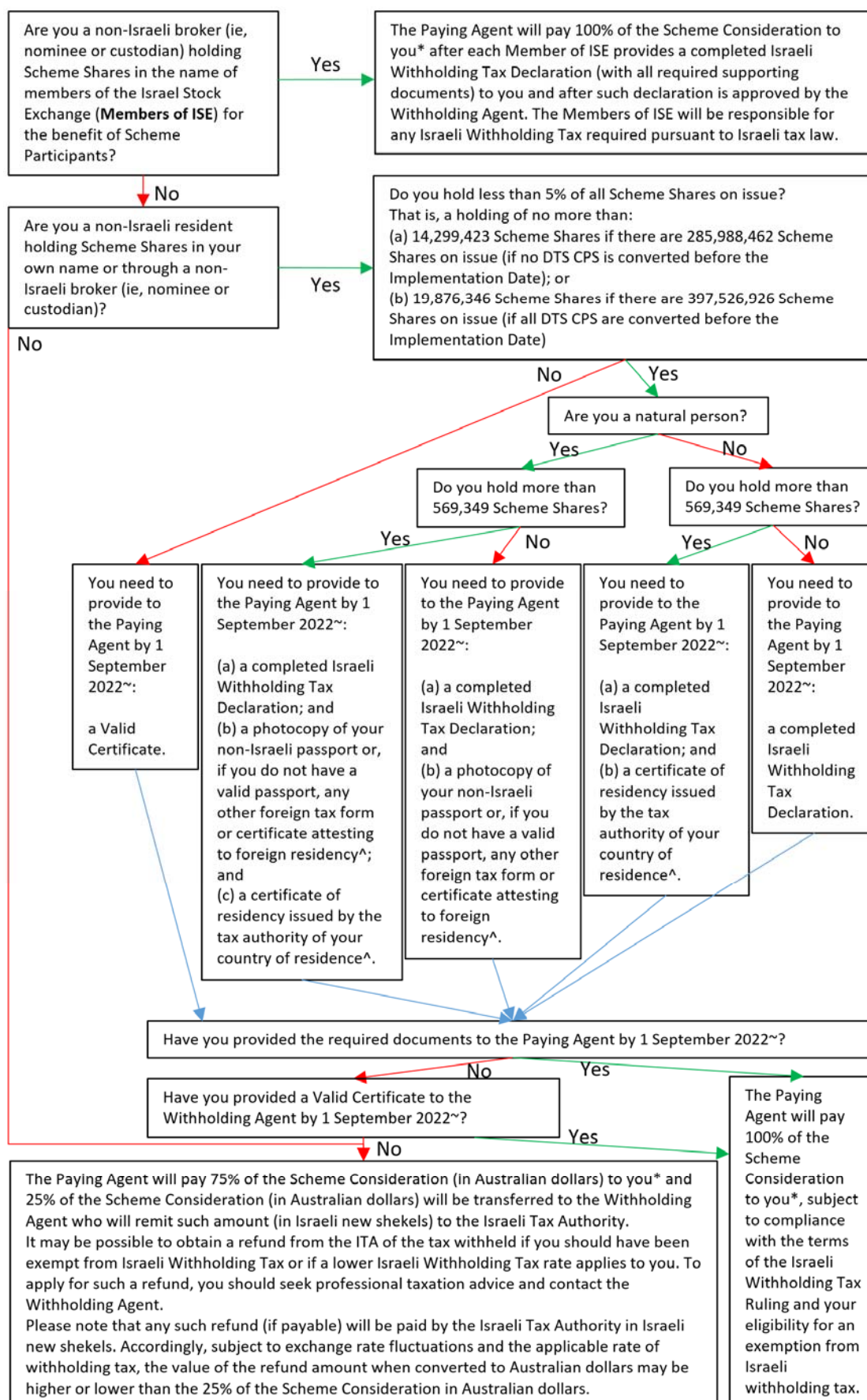
Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
on issue – that is, a holding of no more than: (a) 14,299,423 Scheme Shares if there are 285,988,462 Scheme Shares on issue (if no DTS CPS is converted before the Implementation Date) (b) 19,876,346 Scheme Shares if there are 397,526,926 Scheme Shares on issue (if all DTS CPS are converted before the Implementation Date)	exemption from Israeli withholding tax.	Declaration), together with all required supporting documents set out below. The supporting documents to be provided are as follows: (a) (if this Scheme Participant is a natural person) a photocopy of their non-Israeli passport or, if there is no valid passport, any other foreign tax form or certificate attesting to foreign residency; and (b) (if this Scheme Participant holds more than 569,349⁵ Scheme Shares) a certificate of residency issued by the tax authority in their country of residence.	and 25% of the Scheme Consideration (in Australian dollars) to the Withholding Agent, who will remit such amount (in Israeli new shekels) to the ITA – such payment satisfies the Israeli Withholding Tax obligation of this Scheme Participant in full. It may be possible to obtain a refund from the ITA of the tax withheld if this Scheme Participant should have been exempt from Israeli Withholding Tax or if a lower Israeli Withholding Tax rate applies to this Scheme Participant. To apply for such a refund, this Scheme Participant should seek professional taxation advice and contact the Withholding Agent. Please note that any such refund (if payable) will be paid by the Israeli Tax Authority in Israeli new shekels. Accordingly, subject to exchange rate fluctuations and the applicable rate of withholding tax, the value of the refund amount when converted to Australian dollars may be higher or lower than the 25% of the Scheme Consideration in Australian dollars.

⁵ Being the equivalent of US\$100,000 worth of Scheme Shares, derived by applying an exchange rate of US\$1:A\$0.7474 and dividing by A\$0.235 (being the Scheme Consideration).

Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
3. A Scheme Participant who does not fit within the criteria in categories 1 to 2 above (including any Scheme Participant holding 5% or more of the Scheme Shares on issue).	Yes, the Paying Agent will pay 75% of the Scheme Consideration to this Scheme Participant ⁶ and 25% of the Scheme Consideration will be transferred to the Withholding Agent who will remit such amounts to the ITA unless a Valid Certificate indicating otherwise has been presented to the Withholding Agent by 1 September 2022 ⁷ .	In case the Scheme Participant wishes to avoid withholding of 25% of the Scheme Consideration, the Scheme Participant must provide to the Withholding Agent by 1 September 2022⁷: (a) a Valid Certificate obtained from the ITA by submitting an application using Form 114A (see copy attached to the Israeli Tax Letter in Section 12); and (b) a certificate of residency issued by the tax authority in their country of residence; and (c) any other forms required by the ITA.	Same as for category 2 above.

⁶ If payment is rejected or returned, then the *Unclaimed Money Act 1995* (NSW) may apply in accordance with the Scheme.

⁷ Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.



*Note: If payment is rejected or returned, then the Unclaimed Money Act 1995 (NSW) may apply in accordance with the Scheme.

~Note: Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.

^Note: Please contact the tax authority of your country of residence as to the required procedures.