

ASX ANNOUNCEMENT

**DRAGONTAIL SYSTEMS EXPANDS ITS STRATEGIC RESELLER CHANNEL
WITH DELIVER PLUS, A LEADING NORTH AMERICAN POS COMPANY**

16 October 2017 (Melbourne): Dragontail Systems Limited (ASX: DTS) is pleased to announce that it has signed a mutual referral agreement with DELIVER Plus, a leading North American Point Of Sale (POS) company, that provides a full featured POS system for quick service (QSR) and pizza restaurants.

The co-operation between the two companies has already borne fruit, with Dragontail's recently signed customer, Georgio's Oven Fresh Pizza Co, launching the first combined DELIVER Plus / Dragontail system to its 50 stores. The installation of the new system has already begun, with the transition taking place in recent days, being carried out smoothly and without issue to the customer's full satisfaction.

DELIVER Plus and Dragontail Systems have been successful in Canada with the joint installation of the two systems – the 'Algo' and the POS system – at Pizza Hut stores. Given the success of the integrated platform in Canada, the two companies have entered the US market with the combined POS and 'Algo' solution.

DELIVER Plus is installed in more than 11% of the Pizza Hut locations in North America (including approx. 95% of Pizza Hut Canada stores) as well as numerous regional chains and "mom-and-pop" pizza shops.

Commenting on the new agreement, DELIVER Plus CEO Kevin Keegan commented: "We are very excited about our partnership with Dragontail Systems, and see long-term strategic benefit for both companies and our current and future customers. By incorporating Dragontail System's, 'Algo' kitchen management and driver tracking system, into the DELIVER Plus enterprise level POS and reporting system, we can provide our customers with the most efficient and highly optimised restaurant management system available today."

Dragontail Systems' CEO Ido Levanon said: "The US represents a significant market opportunity for Dragontail Systems, with more than 240,000 QSRs, and over 620,000 restaurants in the food industry. We are excited to put in place a formal agreement with DELIVER Plus to drive growth in the US, following a very successful integration and implementation to date across Pizza Hut Canada stores. Like Dragontail Systems, DELIVER Plus is committed to providing its customers with a reliable quality solution to enhance their businesses. The combination of our platforms provides the QSR segment with a total solution that delivers exceptional operating and efficiency advantages".

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About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) industry with its Algo System and computer-vision QT quality system that uses artificial intelligence (AI) machine learning.

The Algo System uses a sophisticated patented algorithm to optimise and manage the entire food preparation process from order to delivery. It 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 QT system's sensor and camera automatically monitor the preparation and cooking process in the kitchen to improve the quality and consistency of meals. Using proprietary advanced AI machine-learning technology, the system keeps improving its diagnostics, becoming even more efficient.

For more information, visit www.dragontailsystems.com.