

ASX ANNOUNCEMENT

**DRAGONTAIL'S 'ALGO' PLATFORM TO INCREASE QUALITY AND PRODUCTION CONTROL
OUTSIDE THE FOOD SERVICE INDUSTRY**

2 November 2017 (Melbourne): Dragontail Systems Limited (ASX: DTS) is pleased to announce that it has signed an agreement with ZER4U, Israel's leading florist and gift shop chain, to install the 'Algo' artificial intelligence (AI) machine learning platform in its 25 stores.

ZER4U prides itself on the quality of its flowers, the striking visual presentation of its home delivered arrangements, and the unique and comfortable shopping experience it provides to its customers. The 25 ZER4U stores make approximately 30,000 deliveries per month.

The introduction of the 'Algo' platform to its stores will optimise the flower arrangement and delivery quality control and co-ordination process for ZER4U, while enabling customers to receive real time updates on the progress of their order. ZER4U is also evaluating other Dragontail Systems' technology.

The ZER4U agreement shows that an expanding range of industries that produce products where quality, production control and timing are paramount, can benefit from Dragontail Systems' ground-breaking technology that uses patented algorithms to optimise and manage the entire product preparation process from order to production to delivery to a customer's house.

Commenting on the agreement with Dragontail Systems, ZER4U's CEO Yossi Cohen said: "We are very excited to use Dragontail Systems' leading optimisation technology and to be pioneers, bringing this advanced and revolutionary technology to the flower world. As Israel's leading flower delivery chain, we are focused on providing the ultimate customer experience. There is no doubt that Dragontail Systems' technology will deepen our relationship with customers and will enhance our operational performance, service delivery and customer satisfaction."

Dragontail Systems' CEO Ido Levanon said: "This shows that the benefits of using the 'Algo' platform are not limited to food service, but can be adapted to suit a wide range of industries, including flower delivery, where quality production and co-ordinated delivery are paramount in ensuring a premium customer experience. We are very excited to have ZER4U join our growing list of clients, and are confident that our technology will add substantial value to their business. This new development has the potential to open up exciting new markets globally for Dragontail Systems."

In the US alone, the online flower delivery industry has an annual turnover of US\$3 billion¹. Dragontail Systems views flower deliveries as just one of many market segments that will benefit from the order, production and delivery optimisation, and sophisticated management reporting that the Company's 'Algo' platform delivers.

- ENDS -

¹ IBISWorld, July 2017

For further information please contact:

Corporate:

Ido Levanon, CEO
P: +61-3 9088 0374

Investors:

Ronn Bechler / Adrian Mulcahy, Market Eye
P: +61-3 9591 8900

Media:

Tristan Everett, Market Eye
P: +61 403 789 096