Business Update

SYDNEY, 5 JULY 2018 Flamingo AI Limited ("Flamingo" or "the Company") (ASX:FGO), Artificial Intelligence company and provider of Cognitive Virtual Assistant and Unsupervised Machine Learning technologies is pleased to provide the following business update.

The Company notes it entered into a trading halt at the request of ASX pending the release of an announcement in relation to a business update. The Company attempted to lodge the business update announcement pre-market open on Wednesday 4 July 2018. Following ASX's review it was considered to be non-compliant with the ASX Listing Rules. The Company made changes to the business update announcement following consultation with ASX. The Company requests that the trading halt is immediately lifted.

<u>CLIENTS</u>

Ten clients are progressing through paid trials or software and services contracts across the US, Australia and Asia. Industry focus is predominantly on large Insurance enterprises. Early inroads into the Telecommunications sector have also been made.

Of the ten clients implementing the Virtual Assistants, nine are deploying the Virtual Sales Assistant and one is deploying the Virtual Service Assistant. Existing US and Australasian based clients are progressing well and the Company provides the following update on several of these:

- Nationwide Mutual Insurance Company has recently conducted a review of the Flamingo AI Virtual Assistant at the six-month mark and is extending its existing Monthly Recurring Revenue (MRR) engagement. The platform has been live since November 2017. This is a very positive result for the Company.
- Two clients, Liberty Mutual and AMP, are currently in live-evaluation mode where end-customers are interacting with Flamingo AI's Cognitive Virtual Assistants. In both cases the clients have negotiated extensions of the contracted trial period to further test the automation continuum of the platform. This involves moving from HAVA (Human Assisted Virtual Assistant) to fully automated AI-driven Virtual Assistants (with no human involvement).
- CHUBB, CUA and WISR are moving through the trial phases towards User Acceptance Testing (UAT) preparing for live evaluation mode where the client's end customers will interact with Flamingo AI's Virtual Assistants.
- Work is progressing with MetLife Asia (Singapore) in further scoping the Use Case for the trial of the Virtual Assistant.
- Two new clients are progressing through early stages of trial implementation. The contracts for these clients do not have a material impact on the Company's cash flow.

In five of the ten current engagements, the client has requested additional proposals from the Company. These proposals will explore the applicability of either the MAGGIE capability, a Virtual Enquiry Assistant and/or the LIBBY capability, a Knowledge Engine (see Product section below). Each of these capabilities have the potential but not certainty to generate additional revenue streams over and above the existing ROSIE product.

Current Use Cases for the application of the Flamingo AI technology include: Auto Insurance Quote to Bind and Payment, Life Insurance Quotation, Retirement Product Application and Account Set Up; Superannuation and Life Insurance Application, Travel Insurance Application; Health Insurance Application; Personal Loan Application; Change of Plan Customer Service, Home and Contents Application.

As at the date of this announcement the Company notes that revenue received from trials is non-recurring and as such does not have a material impact on the Company's cash flow. The Company currently has one MRR engagement with Nationwide Financial Services.

PRODUCT, IP & SECURITY

Flamingo AI has the following products:

1. **ROSIE** is the part of the Machine Learning brain or engine which powers the Cognitive Virtual Sales Assistant and the Cognitive Virtual Service Assistant. This product solves the problem of low online sales conversion rates and inefficient customer service.

2. **MAGGIE** is the part of the Machine Learning brain or engine which powers the Virtual Enquiry Assistant. This capability solves the problems that organisations have with regard to being able to answer a broad range of questions that a customer or employee might have related to the organisation.

3. **LIBBY** is a new development for the Company and refers to the 'Knowledge Engine' or Unsupervised Learning capability of the platform. There is significant interest from the market in this. The business problem this application will solve is the inability of enterprises to manage, store, retrieve or gain insights from the vast quantities of unstructured, conversational and non-form data that they have. LIBBY is in late stages of development and indications from early stage testing is very positive.

The Company has developed its own unique Machine Learning and Customer Journey technologies and related Intellectual Property in-house. Currently, a number of patents (seven) are pending, progressing or are due to be submitted.

Of significant importance in this field is the security of customer and organisation data. Flamingo AI has achieved SOC2 Type 1 security certification as well as PCI Compliance certification and continues work towards SOC2 Type 2 certification.

CASH RECEIPTS & SALES

The Company has achieved incremental cash receipt growth quarter to quarter. Although the majority of revenue is currently generated from paid trial contracts the Company expects over the next 6-12 months to see additional conversions of clients to MRR.

With regard to sales:

- A number of new client opportunities in the US and Australia are currently being progressed
- The sales pipeline of opportunities has doubled in the last 6 months
- The Company has recently employed four sales team members across the US and Australia
- The Company has recently employed a product owner – responsible for ensuring the commercial applicability of the product
- There is growing interest in the market from C-suite Executives for the Unsupervised Machine Learning (LIBBY) capability that the Company is currently planning for
- Distinct marketing and go-to-market strategies have been developed and are currently being implemented

PARTNERSHIPS

The Company's partnership with EXL Service Holdings, Inc. (NASDAQ: EXLS), based in the US, is progressing very positively. EXL has selected Flamingo AI as "an industry leader and innovator" in the field of Cognitive Virtual Sales and Service Assistants, amongst a select group of world-class peers https://www.exlservice.com/partnership-program and most importantly provides significant validation of the Company's technology. EXL will act as lead generation, integration and technology support for the Company, thereby increasing the Company's market reach.

The Clarion Group partnership in the US market remains very strong with Clarion actively introducing the Company into prospective clients.

Flamingo AI is also exploring partnerships with several large Contact Centre technology vendors.

OUTLOOK

The Company is well funded to deliver against its current goals and remains highly confident in being able to deliver significant value to its clients, their end customers and investors.

[ENDS]

For further information, investor or media enquiries, please contact:

Email: investor@flamingo.io

ABOUT Flamingo AI

Flamingo AI (ASX: FGO) is an Australian listed company based in Sydney and New York. In the Machine Learning sector, Flamingo is a SaaS company, providing Cognitive Virtual Assistant (AI) platforms designed for enterprises selling and servicing complex products online. Flamingo's Virtual Assistants are ROSIE & MAGGIE. Flamingo is one of IT Analyst Gartner's 'Cool Vendors' and clients include large financial services firms. www.flamingo.ai

Flamingo - Social Media Policy

Flamingo is committed to communicating with the investment community through all available channels. Whilst ASX remains the prime channel for all material announcements and news, investors and other interested parties are encouraged to follow Flamingo on Twitter - @FlamingoAI

Company Investor Newsletter

The Company encourages investors to subscribe to the Flamingo investor community newsletter at https://flamingo.ai/investor-portal/