

ASX RELEASE

Quarterly Company Update

- Relationships and progress with all current clients remain strong across US, Australia and Asia
- Achievement of PCI and SOC2 Type 1 certifications
- Master Services Agreement Signed with EXL Service Holdings
- Fortune 100 US Insurer Nationwide extends MRR engagement
- New Machine Learning product offerings in late stage development, generating strong interest
- Sales pipeline doubled since January 2018

SYDNEY, 26 July 2018, Flamingo AI Limited (“Flamingo” or “the Company”) (ASX: FGO), Artificial Intelligence and Machine Learning company, provider of Cognitive Virtual Assistant technology, is pleased to provide a quarterly update on company activities.

Commercial Update

The Company continued to focus on the transition of the business from product development to commercialisation. The recent hires in the sales and commercial teams are building on early sales success to form a sustainable and repeatable sales pipeline generating positive revenue growth.

During the quarter, Flamingo appointed two new directors, Mr Mark Kehoe (Executive Director and Chief Commercial Officer) and Mr Peter Lloyd (Non-Executive Director), with strong commercial and technology strategy skills to directly support the Company's commercialisation strategy and focus on revenue generation. Mr Bryn Hardcastle has also been appointed as acting Chairperson.

As announced in April 2018, the Company has achieved PCI (Payment Card Industry Data Security Standard) Compliance and SOC2 (Service Organization Control 2) Type 1 Certification which are recognised globally and onerous to obtain. These certifications provide the Company with a faster procurement and security review process that reduces both sales and implementation timeframes. Flamingo continues to work towards SOC2 Type 2 certification.

In May 2018, the Company entered into a strategic partnership agreement with EXL Service Holdings, Inc. (NASDAQ: EXLS), based in the US, which is progressing very positively. Multiple streams of work are underway with EXL who will act as lead generation, integration and technology support for the Company. The EXL relationship will provide the Company with an additional go-to-market channel and service partner, helping to bolster the existing direct sales model. The Clarion Group partnership in the US market remains very strong with Clarion actively introducing the Company into prospective clients. The Company is also advancing discussions with other worldwide technology partners, who may augment this channel strategy.

The Company's clients are progressing through paid trials or software and services contracts across the US, Australia and Asia, and the Company continues to receive positive feedback from clients and their customers. Through enhanced sales capabilities, the Company is also in advanced contractual discussions with a number of existing and potential companies, in Australia and internationally.

Current Client Implementations

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 however in-roads into the Telecommunications sector achieved in the previous quarter continue. All clients are progressing through integration, User Acceptance Testing and go-live phases of their formally contracted and paid trials. Importantly, existing trials are generally on a single 'journey' or Cognitive Virtual Assistant application for each client and have the potential but not certainty to extend to other applications within the client's offerings.

Furthermore, in five of the ten current engagements, the client has requested additional proposals from the Company. These proposals will explore the value of the MAGGIE product and/or the LIBBY product (refer below for Product Details). Each of these capabilities have the potential but not certainty to generate additional revenue streams over and above the existing ROSIE product.

US Client Update

The Company continues to progress well with Nationwide Mutual Insurance Company ("Nationwide") using the Cognitive Virtual Assistant platform, ROSIE, to guide customers through their application and account set up for the Guaranteed Retirement Income product. Nationwide has recently conducted a review of the Flamingo AI Virtual Assistant at the six-month mark and is extended its existing Monthly Recurring Revenue (MRR) engagement.

The US-based Fortune 100 insurer, Liberty Mutual Insurance Company ("Liberty"), is currently in live-evaluation mode where Flamingo AI's Virtual Assistant guides Liberty's customers from the quotation through to binding policy and payment for auto insurance sales. Liberty has extended the contracted trial period to further test the automation continuum of the platform.

Another US based insurance company progressed through the early stages of trial implementation of the Company's Virtual Assistant on a paid basis to pilot Flamingo AI's proprietary software. Initial results of this trial have since been very positive and next steps are currently being evaluated.

Australian Market Update

AMP is currently in live-evaluation mode where end-customers are interacting with Flamingo AI's Cognitive Virtual Assistants. AMP has 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.

Asian Market Update

Work is progressing with MetLife Asia (Singapore) in further scoping the Use Case for the trial of the Cognitive Virtual Assistant.

Product Development

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.

The Company has been further developing its machine learning capabilities in Cognitive Virtual Enquiry Assistant, MAGGIE, which 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.

In addition to the business benefits being captured for the Company's clients through the deployment of the platform, the data and insights gained through the expanded number of clients is greatly assisting growing the knowledge capability of the 'Brain', the Machine Learning platform that powers the Cognitive Virtual Assistants.

Over the recent months it has also become apparent to the Company that there is an opportunity to utilise the core capability of the platform, the Unsupervised Machine Learning engine, or the 'Brain' to be deployed as a Knowledge Storage, Retrieval and Enquiry engine, capable of ingesting and analysing vast quantities of unstructured data and non-form (application) data. The unmanageability of this type of data is currently a large and expensive problem for enterprises. This product is in late stage development and is termed 'LIBBY'.

Financial Update

In line with the Company's strategy, the Company's key focus for deployment of funds remains to further develop the machine learning platform and expand the sales and support activities within the existing client base as well as the exploration of opportunities across existing and additional verticals.

During the quarter, the Company received AUD\$248k of cash receipts from clients in a various stage of paid trials and raised an additional AUD\$133k MRR invoice due to be received in July.

In June 2018, the Company also received approximately AUD\$32k from the Export Market Development Grant (EMDG). As in prior years the Company is expecting the R&D credit in the September Quarter. In prior years this has been ~\$800k and it is expected that this will be same or higher.

The planned expenditure in the next Quarter is focussed on continuing to convert existing clients from trial to MRR and for accelerated sales in the US and Australia. Furthermore, distinct marketing and go-to-market strategies have been developed and are currently being implemented.

Outlook

The Company is well funded to deliver against its current goals, with the key focus over the remainder of 2018 on commercialisation of the product and technology, which includes converting a number of paid trials into monthly recurring revenue, actively pursuing sales across US, Australia and Asia and developing partner relationships.



In order to meet the demands of the market for Flamingo’s Virtual Assistant product, the Company has recently employed four sales team members across the US and Australia. The sales pipeline of opportunities has doubled in the last 6 months and market interest in the Company’s products remains very strong with new opportunities being scoped in Australia and North America.

In addition, based on positive results from existing clients, the Company is exploring broadening its product offering to address market demand from the wider financial services sector and new industry verticals, in addition to insurance, and looks forward to providing further updates in due course.

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

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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 is one of IT Analyst Gartner’s ‘Cool Vendors’ and clients include large financial services firms. www.flamingo.ai

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