

27 January 2015

Arria NLG plc
(“Arria” or the “Company”)

AGM statement

At the AGM of Arria NLG plc (AIM: NLG), to be held today at 2.00pm, Stuart Rogers, Chairman and Chief Executive of the Company, will provide shareholders with the following update:

I am pleased to provide a brief recap of the commercial progress the Company has made during the ten months since our last annual general meeting.

- In May 2014, we expanded our contractual relationship with Shell, culminating in a three year, US\$5-10 million global agreement covering asset integrity monitoring on Shell’s deepwater oil & gas platforms.
- In August 2014, we announced a proof of concept agreement with a major global banking client, extending our Arria NLG Engine into the Financial Services industry for the first time.
- In October 2014, we announced two new clients: FarmLink, with a professional services agreement for the Company to develop Arria NLG narrative reporting focused on the US agriculture industry, and a proof of concept agreement with a major Aviation systems provider, with the initial use case focusing on further optimising the maintenance or refurbishment of jet engines.
- In December 2014, we announced a proof of concept agreement with a global services provider to the Oil & Gas industry, one of our core industry segments.
- Finally, this month, two new agreements have been signed: a proof of concept agreement with a major insurance company to produce Arria NLG narratives to support management reporting in a key business line; and the partnership agreement announced just yesterday, with an application focused on the Oil & Gas industry. In addition to extending Arria’s NLG technology further into Oil & Gas, yesterday’s agreement is an opportunity for us to work with a key organization in Artificial Intelligence, and to potentially leverage a world-class sales distribution network in continuing to grow our business.

This clear evidence of commercial progress by the Company is one we will seek to maintain over the coming year.

It’s worthwhile reflecting on what this commercial progress means in terms of our business model and our client engagement cycle.

The client engagement cycle in our business contains four stages following an initial discussion to identify where the client’s biggest needs are in terms of achieving higher quality decision-making from complex data-sets:

- 1) Proof Of Concept (POC) – this is where we use the client’s data and demonstrate the Arria NLG engine producing narratives to support decision-making around an agreed business case.
- 2) Configuration – this is implementation to a live service by way of a professional services agreement.

- 3) Annual Licensing – this is the operational use of the Arria NLG Engine generating narratives for decision making in the client’s business.
- 4) Next POC – we repeat the process for the next priority identified within the client’s reporting eco-system. In some cases we will go straight into Configuration for the next use case because the live service will be sufficient demonstration of capability.

We sign each POC in the belief that it will lead into the configuration and annual licensing stages because we have pre-vetted the use case to establish a higher degree of certainty that the Natural Language Generation (NLG) outcome will be a success. The engagement cycle can be accelerated if the client requires and we can run multiple projects simultaneously. We can also dispense with the proof of concept stage and move straight into developing a live service when the client requires

Thus over time we are targeting to build multiple streams of higher margin recurring annual licensing revenues within a single client as the client deploys NLG applications within its reporting ecosystem, even as we bring on multiple clients.

Since our last annual general meeting we have also obtained the Company’s first US patents on NLG innovations. The Company maintains a strong commitment to both innovation and the filing of patent applications.

I am pleased with the Company’s commercial progress and IP development, and we are also closely monitoring the financial performance of the business. On 1 October 2014 we announced the issue of US\$5.0 million of convertible loan notes to The Ikonik Fund SAC Limited and we have commenced to draw on of these funds in accordance with the announced terms. At the time I said that it is was appropriate for the Company to raise additional funding to enable it to continue its commercial progress and that the issue of the convertible loan notes to Ikonik Fund SAC Limited was the start of this process.

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