

29 June 2015

## **ARRIA NLG PLC**

**(“Arria” or the “Company”)**

### **£3.75 Million Raised**

The Board of Arria (AIM:NLG) is very pleased to announce that the Company has worked with a number of existing shareholders and subscribers (the “Subscribers”) to gain immediate access to approximately £3.75 million in capital funding through unsecured loan notes convertible to the Company’s ordinary shares at 40p per share (“Loan Notes”).

This funding comes as stage one of a two-stage capital plan being managed for Arria by MSL Capital Markets Limited (“MSL”), the New Zealand-based investment bank whose principals have acted as lead manager on each of Arria’s successful private capital rounds. In an undertaking provided by Arria to MSL and the Subscribers, the Board has confirmed that it fully supports the two stage capital plan.

### **Stage 1: £3.75 Million in Loan Notes**

Stage 1 of the capital plan (which addresses the Company’s near to medium-term working capital requirements) comprises the acceleration of a drawdown of existing Loan Notes and the issue of new Loan Notes as follows:

- £1.848 million from The Ikonic Fund SAC (Bahamas) Limited (“Ikonic”) by way of Ikonic agreeing to the early drawdown of the two installments still to be drawn down under the unsecured convertible loan note instrument between the Company and Ikonic dated 30 September 2014 (the “Ikonic Notes”). These amounts were not due for drawdown until 31 December 2015 and 31 March 2016. The Company has agreed to pay certain costs which Ikonic will incur in allowing the Company to drawdown earlier than originally agreed; and
- £1.902 million through subscriptions for the new Loan Notes from existing shareholders in the Company. The new Loan Notes have the same terms and conditions as the Ikonic Notes.

Subscribers for the new Loan Notes and Ikonic will receive unlisted warrants to subscribe for new ordinary shares in the Company, exercisable for a period of four years, at 12p per new ordinary share (the “B Warrants”). The Company will issue 6 million B Warrants to Ikonic, for the Ikonic Notes drawn down early and approximately 5.972 million B Warrants to the new convertible Loan Note holders. An additional one million B Warrants will be issued to MSL for services. The number of B Warrants issued to the new convertible Loan Note holders may fluctuate depending upon the GBP£/US\$ exchange rate. This is because the quantum of B Warrants issued to the new

convertible Loan Note holders is calculated on the basis of two B Warrants to every US\$ of Loan Note subscribed.

The detailed terms of the Ikonic transaction were announced to the market on 1 October 2014. The following is a summary of terms common to both Loan Note programs.

- Interest at the Bank of England base rate (currently 0.5%) plus 5%, payable annually in cash or upon maturity.
- Maturity is 31 October 2019 with the Company having a right of payment before maturity.
- The conversion price is 40p per ordinary share. Holders can convert their principal and interest at any time before payment or maturity.

## **Stage 2: New Zealand Stock Exchange Listing**

Stage 2 of the capital plan (which addresses the longer-term capital needs of the Company) is targeted for completion this year. It calls for MSL to organize a public offer and a listing of Arria's ordinary shares on the New Zealand Stock Exchange ("NZSX"). The Board will also consider alternative capital sources. Further announcements regarding fundraising will be made in due course.

## **Update of the Capital Structure**

To ensure clarity and transparency of the Company's capital structure upon completion of Stage 1, the Company has prepared the following table showing the effect of the capital raise on the current position:

<b>Arria NLG plc Securities</b>	<b>Nominal value</b>	<b>Note value</b>	<b>Number of shares</b>
Existing ordinary shares	£103,729.21		103,729,210
Existing listed warrants	£10,085.58		10,085,583
The Ikonic Notes	-	£3.08 million	7,700,000 <sup>(1)</sup>
The new Loan Notes	-	£1.902 million	4,755,000 <sup>(1)</sup>
B Warrants	£12,972.28 <sup>(2)</sup>		12,972,280 <sup>(2)</sup>

*(1) Assumes all loan notes are converted into Ordinary shares*

*(2) Assumes allotment at approximately US\$1.57 / £, and all B Warrants are converted into Ordinary shares*

The Board has authorized MSL to arrange subscriptions for up to a further £1.25 million of Loan Notes.

**Emmanuel Alexiou, Executive Vice Chairman of Colina Insurance Limited** (majority shareholder of The Ikonic Fund) **said:** "We are very pleased to support Arria's innovative two-stage capital program. With the loan notes

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convertible to shares at 40p, and with the addition of warrants at 12p, we are making a bold statement to the market: The long-term potential of Arria's NLG technologies is unaffected by short-term vagaries, and the two-stage program will provide the operating capital Arria needs to deliver its artificial intelligence solutions globally."

**Stuart Rogers, Chairman and Chief Executive of Arria NLG, commented:**

"I am delighted we have concluded this next stage of our capital raising, which provides stability and support to our current operations as it directly addresses our near to medium-term working capital requirements. The staff and Board wish to thank MSL, Ikonic and the founding shareholders for their participation in this capital raise. Such strong support of Arria's business direction is indicative of the participating shareholders' belief in the long term value proposition of Arria's Natural Language Generation technology."

## Commercial Progress Update

The Company continues to gain clients at the rate of approximately one new client per month. Since the beginning of May, Arria has announced contracts with three new enterprise clients: a financial services group, a meteorological firm and a travel services company."

For further information, please visit [www.aria.com](http://www.aria.com) or contact:

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