



15 October 2015

**Arria NLG plc ("Arria" or the "Company")**

**Subscription agreement with Lanstead Capital L.P.,  
funding update and notice of general meeting**

**Arria NLG plc (AIM:NLG)** is pleased to announce that it has entered into two subscription agreements with Lanstead Capital L.P. ("**Lanstead**"), an institutional investor, together with related sharing agreements.

A total of 18,750,000 new ordinary shares of 0.01 pence each in the Company (the "**New Ordinary Shares**") have been conditionally subscribed for by Lanstead at an issue price of 32 pence (the "**Issue Price**") per New Ordinary Share (the "**Subscription**"). 15 per cent. of the £6,000,000 gross proceeds of the Subscription, being £900,000, will be retained by the Company and the balance of £5,100,000 will be pledged by the Company pursuant to two sharing agreements with Lanstead (the "**Sharing Agreements**"). The Sharing Agreements, details of which are set out below, entitle the Company to receive back those proceeds on a pro rata monthly basis over a period of 18 months, subject to adjustment upwards or downwards each month depending on the Company's share price at the time, as explained in more detail below. The Sharing Agreements provide the opportunity for the Company to benefit from positive future share price performance.

It is the Company's intention to use the total proceeds from the Subscription and the Sharing Agreements in the Company's continuing operations, including for general working capital requirements. The funding will assist the Company's plans for future product releases and its growing sales efforts in the United States.

*The Subscription*

The Subscription is being conducted in two tranches, due to the Company's current limited authority to issue new shares on a non-preemptive basis.

*a) The First Subscription*

Pursuant to a conditional subscription agreement between the Company and Lanstead (the "**First Subscription Agreement**"), 4,687,500 New Ordinary Shares (the "**First Subscription Shares**") have been allotted to Lanstead at the Issue Price for an aggregate subscription price of £1.5 million before expenses (the "**First Subscription**"), conditional only upon admission to trading on AIM of the First Subscription Shares ("**First Admission**"). Application for First Admission has been made to London Stock Exchange and First Admission is expected to become effective on 16 October 2015.

£0.225 million of the First Subscription proceeds (being 15 per cent. of the First Subscription) will be retained by the Company and £1.275 million will be pledged to Lanstead under the first of the Sharing Agreements under which Lanstead will then make, subject to the terms and conditions

of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months, as detailed below. As a result of entering into the first Sharing Agreement, the aggregate amount received by the Company under the First Subscription and the related Sharing Agreement may be more or less than £1.5 million, as further explained below.

*b) The Second Subscription*

Pursuant to a conditional subscription agreement between the Company and Lanstead (the "**Second Subscription Agreement**"), 14,062,500 New Ordinary Shares (the "**Second Subscription Shares**") will be issued to Lanstead at the Issue Price for an aggregate subscription price of £4.5 million before expenses (the "**Second Subscription**"). The Second Subscription is conditional, amongst other things, on the approval of the Company's shareholders at a General Meeting (the "**GM**") of resolutions granting the directors of the Company authority to allot the Second Subscription Shares and dis-applying statutory pre-emption rights in relation to such allotment. Further details of the GM are set out below.

Conditional on the passing of the resolutions to be put to shareholders at the GM, £0.675 million of the Second Subscription proceeds (being 15 per cent. of the Second Subscription) will be retained by the Company and £3.825 million will be pledged to Lanstead under the second of the Sharing Agreements under which Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months, as detailed below. As a result of entering into the second Sharing Agreement the aggregate amount received by the Company under the Second Subscription and the related Sharing Agreement may be more or less than £4.5 million, as further explained below.

Both the First Subscription and Second Subscription are conditional upon there being: (i) no breach of certain customary warranties given by the Company to Lanstead at any time prior to admission to trading on AIM of the relevant Subscription Shares; and (ii) no force majeure event occurring prior to admission to trading on AIM of the relevant Subscription Shares.

*The Sharing Agreements*

As part of the Subscription, the Company will enter into the Sharing Agreements, pursuant to which Arria will return an amount equal to 85 per cent. of the gross proceeds of the Subscription to Lanstead. The Sharing Agreements will enable the Company to share in any share price appreciation over the Benchmark Price (as defined below). However, if the Company's share price remains less than the Benchmark Price then the amount received by the Company under the Sharing Agreements will be less than the 85 per cent. of the gross proceeds of the Subscription which were pledged by the Company to Lanstead at the outset.

Each of the Sharing Agreements provide that the Company will receive 18 equal monthly settlement amounts as measured against a benchmark share price of 42.66667 pence per share (the "**Benchmark Price**"). The monthly settlement amounts for each Sharing Agreement are structured to commence two months following the admission to AIM of the New Ordinary Shares under the relevant Sharing Agreement.

If the measured share price (the "**Measured Price**"), calculated as the average volume weighted share price of the Company's ordinary shares over an agreed period prior to the monthly settlement date, exceeds the Benchmark Price, the Company will receive more than 100 per cent. of that

monthly settlement due on a pro rata basis according to the excess of the Measured Price over the Benchmark Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected. Should the Measured Price be below the Benchmark Price, the Company will receive less than 100 per cent. of the monthly settlement calculated on a pro rata basis and the Company will not be entitled to receive the shortfall at any later date.

For example, if on a monthly settlement date the calculated Measured Price exceeds the Benchmark Price by 10 per cent., the settlement on that monthly settlement date will be 110 per cent. of the amount due from Lanstead on that date. If on the monthly settlement date the calculated Measured Price is below the Benchmark Price by 10 per cent., the settlement on the monthly settlement date will be 90 per cent. of the amount due on that date. Each settlement as so calculated will be in final settlement of Lanstead's obligation on that settlement date.

Assuming the Measured Price equals the Benchmark Price on the date of each and every monthly settlement, Arria would receive aggregate proceeds of £6.0 million (before expenses) from the Subscription and related Sharing Agreements, made up of the £900,000 of the Subscription initially retained by the Company and 18 monthly settlements of approximately £283,333.

The Company will pay Lanstead's legal costs incurred in the Subscription and entering into the Sharing Agreements and in addition, has agreed to issue to Lanstead 937,500 ordinary shares of 0.01 pence each in the Company (the "Value Payment Shares"). Application has been made for admission to trading on AIM of 468,750 Value Payment Shares and their admission is expected to occur on 16 October 2015. The issue of the remaining 468,750 Value Payment Shares is, like the Second Subscription Shares, subject to approval at the GM.

In no event will fluctuations in the Company's share price result in any increase in the number of New Ordinary Shares issued by the Company or received by Lanstead. The Directors believe that a decline in the Company's share price would not result in any advantage accruing to Lanstead and the Sharing Agreement allows both Lanstead and the Company to benefit from future share price appreciation.

#### *The GM and further fundraising*

A circular convening the GM will be sent to shareholders shortly. At the GM shareholders will consider resolutions to permit the Board of Directors to allot and issue up to £59,887.00 nominal value of new ordinary shares of 0.01 pence each ("**Ordinary Shares**") and to dis-apply pre-emptive rights in respect of such amounts (the "**Resolutions**"). This equates to 59,887,000 new Ordinary Shares, with such authorities expiring if unused by the Company's next annual general meeting.

The passing of the Resolutions would permit:

- (a) the Second Subscription to be carried out and the associated Value Payment Shares to be issued (in aggregate, 14,531,250 New Ordinary Shares), ;
- (b) the issue of convertible loan notes and warrants convertible into, and exercisable over, in aggregate 3,778,358 Ordinary Shares pursuant to the fundraising announced on 30 June 2015. This amount relates to the final tranche of the £3.75m fundraise announced on 30 June 2015, the funds of which are available to the Company subject to the passing of the Resolutions, and the issue of 1,000,000 warrants to MSL Capital Markets; and

- (c) the issue of up to a further 41,577,392 (or rights to subscribe for 41,577,392 Ordinary Shares) as headroom for future fundraising or other opportunities that may arise.

*Holding in Company and Total Voting Rights*

Upon First Admission, Lanstead will hold 5,156,250 Ordinary Shares, representing approximately 4.74 per cent. of the issued share capital of the Company immediately following First Admission. If the Resolutions to be proposed at the GM are passed and following admission of the Second Subscription Shares and 468,750 Value Payment Shares to trading on AIM, Lanstead will hold 19,687,500 Ordinary Shares, representing approximately 15.95 per cent. of the then issued share capital of the Company.

On First Admission, the Company's issued share capital will consist of 108,885,460 ordinary shares of 0.01p each, with one voting right each. The Company does not hold any ordinary shares in treasury.

Therefore the total number of ordinary shares and voting rights in the Company will be 108,885,460. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Stuart Rogers, Chairman and Chief Executive of Arria, commented: "We are pleased to have secured a significant funding package for Arria and to welcome Lanstead Capital as a shareholder. The Board of Arria believes that the structure of Lanstead's investment fully aligns Lanstead with the Company and its other shareholders. The Lanstead subscription is in addition to the recent £3.3 million convertible loan note placement and the Sharing Agreements ensure the Company has the opportunity to benefit from appreciation in its share price over the next 18 months. The potential public offer and listing on the New Zealand Stock Exchange, announced on 30 June 2015, is still targeted, but will not be completed in 2015. "

"Arria's will continue to explore options for additional funding as required to support substantial development of its NLG products which the Board believes is helping Arria to become a significant participant in the critical and growing Artificial Intelligence market. Over the past 12 months, Arria NLG's commercial success has expanded in such areas as Aviation, Banking, Insurance, Travel and Finance, including an evolving partnership focus with such companies as IBM Watson. New patents also have been granted that signal Arria NLG's continuing innovation in the NLG space. "

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

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Notes to Editors:

Arria NLG's core product is known as the Arria NLG Engine, a form of artificial intelligence software, specialised in extracting information from complex data sources and communicating that information in natural language (i.e. as if written by a human). The scientific foundation for the Arria NLG Engine is based on more than 30 years of research and development by the Data2Text Founders at the University of Aberdeen.