



16 April 2014

Flowgroup plc
(the "Company")

Improved wholesale energy trading arrangements with Morgan Stanley Commodities

Flowgroup plc (AIM: FLOW), which develops and commercialises alternative and efficient energy technology products for the global market, and supplies home energy in the UK, announces that it has negotiated improved trading arrangements with Morgan Stanley Commodities, requiring less collateral to be lodged when buying energy in the wholesale markets. In exchange, Flowgroup plc has agreed to observe certain financial covenants which are in line with its current business plan. This will allow more than £1m in currently lodged collateral to be paid back to its energy business, Flow Energy, and improve Flow Energy's cash flow position going forward.

The lodging of significant collateral when taking on a new energy customer is one of the biggest barriers to growing an energy customer base. These new trading arrangements reduce that barrier and allow Flow Energy the opportunity for significant energy customer growth, within the parameters of the current business plan. The timing of this announcement coincides with Flow Energy releasing a new, competitive home energy tariff into the market.

Tony Stiff, CEO of Flowgroup, comments:

"Our improved trading arrangements with Morgan Stanley Commodities allows the return of more than £1m in lodged collateral, which we can now invest in growing our business. No longer needing to lodge such significant collateral when buying energy also means taking on new energy customers is a less cash intensive proposition. Being able to negotiate these new trading arrangements is a result of the increasing maturity of our business and our growing track record. They put us in an excellent position to expand our energy-only customer base, with the advantages in terms of additional revenue and increased exposure for our brand that this brings."

Flowgroup plc

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