



13 August 2014

**Flowgroup plc  
(the "Company")**

**Heads of Terms signed with Mears Group PLC ("Mears") for installation and after-care services**

Flowgroup plc (AIM: FLOW), which develops and commercialises alternative and efficient energy technology products, announces that it has today signed Heads of Terms with Mears for the provision of National surveying, high volume installation and managing agent services and aftercare provision for Flowgroup's game-changing microCHP boiler.

Mears repair and maintain over 700,000 social homes across the UK. It is intended, subject to entering into a detailed legally binding agreement, Mears will provide nationwide coverage for installation of the Flow boiler, as well as ongoing servicing and maintenance 24/7, 364 days a year under an extremely competitive servicing package to Flowgroup's customers. Flowgroup believes that Mears' extensive network of experienced engineers, working alongside the Company's previously announced installation partners, will allow the provision of a high quality installation and support services and will give the Company the capacity to compete with the largest boiler providers in the UK. Since the potential agreement with Mears Group will cover servicing as well as installation, Flowgroup believes that this agreement will also have the potential to deliver a strong, ongoing revenue stream for the Company from the lucrative servicing market.

**Tony Stiff, CEO of Flowgroup, says:** "This important agreement with Mears, alongside our previously announced installation partners, provides a UK-wide installation and servicing infrastructure with the capability to deliver the kind of volume that will allow us to compete in this market at the very highest level. To supplement our large installation partners, we are also building an extensive network of independent installers to help cope with the ever-growing demand we predict. The initial response from these installers to our offer has been overwhelming and we'll now move forward with training, so that we have a large number of installers ready to install boilers as they roll off the production line in Scotland towards the end of this year and in the New Year as we move to volume production. While it is intended Mears will be a key part of our UK offering, as previously stated we are also pursuing overseas opportunities and discussions with international partners are going well. We will provide more information about these discussions in the coming weeks."

**David Miles, CEO of Mears Groups, adds:** "Mears are excited about the opportunities presented by this agreement. As the UK's leading service provider to the housing market, Mears' extensive national delivery coverage will offer Flowgroup the capability to reach more properties and help deploy this innovative product as widely as possible. This is aligned to Mears' strategy to provide an energy solution for every home to address the challenge of fuel poverty."

**Flowgroup plc**

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