



04 April 2016

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

**Award of MCS accreditation and commercial update**

Flowgroup plc (AIM: FLOW), which provides a range of innovative energy technologies, energy supply and energy services, announces that it has been awarded MCS (Microgeneration Certification Scheme) accreditation for the Flow mCHP boiler and expects the first commercial installations of its ground-breaking Flow boiler to take place this week.

The Company is also encouraged by statements from the UK Treasury which indicate that the 5% reduced VAT rate should continue to apply to the Flow boiler, although the Company still awaits publication of the European Commission's VAT Action Plan and final confirmation.

**MCS accreditation**

The Company announces that its Flow mCHP boiler, which was launched for customers on 4 January 2016, has received MCS accreditation. This means that the electricity that the Flow boiler generates will qualify for the Feed-in Tariff scheme, a UK Government scheme that provides payments for the use of small-scale renewable or low-carbon electricity generation technologies in the home.

**First Flow boiler installations**

Following the relaunch of the Company's sales and marketing campaigns in January, alongside the competitive energy tariff, Flowgroup is planning to begin the first commercial installations of its ground-breaking Flow boiler in new customer homes this week. The home surveys and installations are being conducted by members of Flowgroup's Brand Ambassador network. The Company plans to progressively ramp up installations over the next six months, aiming for higher volume sales in winter 2016.

**Positive VAT news – but confirmation still needed**

Flowgroup believes that the ongoing issue around the potential for the rate of VAT applied to the Flow boiler and its installation to rise from 5% to 20% is close to being resolved in favour of maintaining the reduced rate. HM Treasury has made a number of statements lobbying for powers to return VAT rate decisions back to national parliaments and has explicitly stated that energy efficient products, such as the Flow boiler, will continue to benefit from the reduced VAT rate. The European Commission's VAT Action Plan and final confirmation on this matter is expected to be published in the near future. The Company will make a further announcement as and when this confirmation is made. Current Flow boiler sales and installations are still being undertaken at a 5% rate of VAT.

**Flow Energy update**

Flowgroup continues to grow its home energy business, Flow Energy, rapidly and currently has over 170,000 customer fuel accounts registered or being processed through the switching cycle. The Company continues to believe that there is significant value to be realised from developing a large scale home energy business.

**Tony Stiff, CEO of Flowgroup, commented:** *"We are delighted to communicate a number of positive updates across our business today. Receipt of MCS accreditation and the first commercial installs of our Flow boiler this week are an extremely important step in starting the process of establishing our ground-breaking technology in the marketplace. We are also excited about our plans for further Flow boiler product and performance enhancements that we are working on in the development pipeline as well as continued cost-down improvements.*

*"While there has not yet been final confirmation that the VAT payable on the Flow boiler and its installation will remain at 5%, we believe that the early signs are that it will and we look forward to this matter being resolved once the European Commission publishes its VAT Action Plan.*

*“With more than 170,000 customer fuel accounts, we are very pleased with the rapid growth demonstrated by Flow Energy throughout Q1, we have long held the view that the energy industry’s current state of flux presents opportunities for nimble companies like Flowgroup with our combination of innovative products and high quality service. We believe today’s positive updates demonstrate that and position us well for the future.”*

**Flowgroup plc**

Tony Stiff, Group Chief Executive Officer  
Nigel Canham, Chief Financial Officer

[www.flowgroup.uk.com](http://www.flowgroup.uk.com)

Tel: +44 (0)20 3137 4525

**Cenkos Securities plc** (NOMAD and Broker)

Stephen Keys / Christopher Golden (Corporate Finance)  
Julian Morse (Sales)

Tel: +44 (0)20 7397 8900

**Walbrook PR Ltd** (Media Relations)

Paul McManus  
Nick Rome

Tel: +44 (0)20 7933 8780 or [flowgroup@walbrookpr.com](mailto:flowgroup@walbrookpr.com)

Mob: +44 (0)7980 541 893

Mob: +44 (0)7748 325 236