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

Letter of Intent signed for trial of Flow boiler in Italian market

Flowgroup plc (AIM: FLOW), which provides a range of innovative energy technologies, energy supply and energy services, announces that its heating and microgeneration business Flow Products has signed a Letter of Intent (LOI) with Trillary Srl, part of an Italian heating consortium, to trial the Flow boiler for potential launch into the Italian market, Europe's third biggest boiler market.

During the term of the LOI, Flow and Trillary will conduct trials of Flow's microCHP product, evaluate Flow Products' digital in-home sales and management platform, Flow BiT, and develop the terms of a distribution agreement for the Italian market. It is planned that the distribution agreement would include commercial terms, business models, remote services and connectivity plus logistics, technical support, training, installation and service, and a further statement will be made if and when this is concluded. Any commercial agreement would include a two year exclusivity clause.

Trillary has broad access to the Italian heating market through its membership of the Crisalide Network, a consortium of installer companies, small and medium energy supply companies and a network of 200 energy efficiency sales agents.

Tony Stiff, CEO of Flowgroup, commented: *"We believe this LOI demonstrates the attractiveness of our microCHP technology platform for European partners and also our sales model, where we provide ground-breaking products directly to installer networks, cutting out the wholesalers who can stand in the way of new product introduction, and the digital technology to maximise sales. While we already have a longstanding testing agreement in place with a major European utility, this new LOI could present an opportunity for accelerated market entry into Europe in partnership with an organisation with a strong vision for the future of energy in Italy and the connections and resources to deliver it. We believe this LOI has the potential to pave the way for a commercial agreement with significant opportunity."*

Michele Gubert, CEO of Trillary, added: *"With the brand Rete Crisalide (Crisalide Network), we are recognised as an expert focusing on the development of the Italian microCHP market since 2011. Italy is the third largest European boiler market with more than 600,000 annual boiler sales. However, microCHP sales are still at a low volume due to existing high product costs. With this LOI we are entering into a strong collaboration with Flow in order to potentially introduce the Flow boiler into the Italian market at an affordable price for customers and potentially drive much higher sales. We intend to replicate the Flow Brand Ambassador model and also leverage our existing partnerships with natural gas and LPG distributors. We believe, as Flow does, that the Flow boiler could change heating and energy markets forever."*

Flowgroup plc

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