



5 December 2016

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

Reiteration of hedging strategy for energy prices

Flowgroup plc (AIM: FLOW), which provides a range of innovative energy technologies, energy supply and energy services, provides a further update to its Flow Energy business, which as stated on 16 November 2016 continues to perform well and in line with management expectations.

As stated, management has insulated the business from external issues that have affected smaller suppliers with the Flow Energy Business benefitting from hedging provisions which protect it from fluctuations in the price of wholesale energy for its customers.

Since that update, the Directors have noted that a competing energy supplier has ceased trading, citing the increase in wholesale energy prices and its inability to hedge forward as the reason.

The Directors also note the recent fall in the Company's share price and would emphasise that the Company's hedging agreements with Shell Energy Europe Ltd, its energy trading partner, remain in place and are robust. As well as the hedging of wholesale energy prices, the Company also has arrangements in place to hedge against fluctuations in gas costs over the winter months when customers' consumption can be more volatile.

The Directors believe that these arrangements, which have been in place since December 2015, enable the Flow Energy business to remain secure and continue to perform well. The Directors maintain that current market conditions favour more established providers, like Flow, which have robust energy trading strategies, systems and processes, and believe that the Company can continue to grow this part of the business in 2017.

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