



RNS
11 May 2017

Flowgroup plc
(“Flow” or the “Company” or the “Group”)

Response re. press speculation

The Company notes the recent press speculation and confirms that it is in the advanced stages of preparing a significant capital fundraising as a potential alternative to the proposed disposal of the Flow Energy business, as previously announced.

The directors of the Company (the "Directors") confirm that whilst discussions with the preferred bidder for the Flow Energy business continue, they are also in advanced discussions with Flowgroup's manufacturing partner to downsize and reduce its exposure to its microCHP business. In addition, the Company is in advanced discussions concerning a capital injection into the Group of in excess of £20 million, which would be necessary should the proposed disposal of the Flow Energy business not take place.

Should any such fundraising take place, it is likely that the investment will be made in the form of convertible securities and new equity and it is expected that the equity issue and convertible security conversion prices will be at 1.5p and 1.8p respectively. The Directors intend that a material element of any such fundraising will be made available to existing shareholders of the Company on a pre-emptive basis. Any such fundraising would be subject to the approval of shareholders in general meeting.

A further announcement on the potential fundraising will be made in due course.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Flowgroup plc

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Forward-looking statements

Some of the statements in this announcement include forward looking statements which reflect the Directors' current views with respect to matters including financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements may include forward looking statements both with respect to the Group and with respect to the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements are of a forward looking nature. In particular, statements relating to any fundraising should be considered as forward looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend

on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance and the Group's actual operating results and financial condition, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. In addition, even if the Group's operating results, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, no recipient of this announcement should rely on these forward-looking statements.

These forward looking statements speak only as of the date of this announcement. The Company undertakes no obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise, unless required to do so by applicable law or the AIM Rules for Companies. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. All recipients of this announcement should specifically consider the factors identified in this announcement which could cause actual results to differ from those indicated or suggested by the forward looking statements in this announcement.

This announcement does not constitute or form part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended (the "Securities Act"), or an exemption from, or in a transaction not subject to, registration. The Company has not registered and does not intend to register any securities under the Securities Act and does not intend to offer any securities to the public in the United States.