

10 July 2015

**£1,665,000 Raised Through Placing, Subscription and New Convertible Loan Note
Favourable loan restructure terms and new orders**

Fitbug Holdings Plc, the AIM quoted provider of online personal health and wellbeing services, announces that it has raised a total of £1,665,000 through a combination of the issue of new ordinary shares of 1 pence each in the Company ("Ordinary Shares") by way of a Placing by Hybridan, Subscription by NW1 Investments Limited ("NW1 Investments") and the issue of a new Convertible Loan Note to NW1 Investments. A restructuring of all existing loans has been agreed on favourable terms which strengthens the Group's balance sheet, extends the term of the existing loans and reduces their interest rate.

Overview

- Funds raised will support product enhancement and marketing and increase sales of the Company's integrated wearable health technology offering, including Kiqplan and Fitbug Orb;
- £665,000 (before expenses) raised by way of a placing of 26,600,000 new Ordinary Shares in the Company at 2.5 pence per share;
- £350,000 raised by way of subscription from NW1 Investments, which is subscribing for 14,000,000 new Ordinary Shares in the Company at 2.5 pence per share;
- A new £650,000 convertible loan in favour of NW1 Investments repayable by 31 July 2017 at a conversion rate of 3.25p per share;
- Agreed loan restructuring which extends the term on main loans until 31 July 2017, reduces the future interest rate by 40%, and with interest forgiveness provides an interest saving of c. £300k in the current year; and
- New orders from Towers Watson, Sainsbury's, Sam's Club, inflight retail specialist Scorpio and the NHS.

Fitbug Chairman Fergus Kee said, "Fitbug and in particular Kiqplan, is uniquely positioned within the wearables market, including Smartwatches, which is forecast to grow to 148 million units shipped per annum by 2018. These new funds and attractive loan restructure terms significantly strengthen the Company's financial position and prospects. We welcome new investors and thank longstanding shareholders, Kifin Limited and NW1 Investments Limited for their continued support."

Further Information

The Company has raised £665,000 (before expenses) through broker Hybridan LLP

by way of a placing of 26,600,000 new Ordinary Shares (the "Placing Shares") at 2.5 pence per share (the "Placing Price") (the "Placing"). Additionally the Company has raised £350,000 by way of subscription from NW1 Investments, which is subscribing for 14,000,000 new Ordinary Shares of 1 pence each in the capital of the Company at the Placing Price (the "Subscription Shares") (the "Subscription").

The Company has also agreed the terms of a new £650,000 convertible loan note in favour of NW1 Investments (the "Loan"), repayable by 31 July 2017. The Loan will accrue interest at a rate of 2.5% per annum above the base lending rate of the Bank of England, commencing 1 January 2016 and payable on a quarterly basis in arrears. The Loan will not bear interest for the remainder of 2015. The Loan is convertible by the holder, at any time, into 20,000,000 Ordinary Shares of 1 pence each in Fitbug at a price of 3.25 pence per new Ordinary Share, a 30% premium to the Placing price.

Restructuring of Existing Loans

A restructuring of the existing NW1 Investments loans has also been agreed which is to take effect on admission of the Placing Shares and the Subscription Shares to trading on AIM ("Admission"), whereby: (i) £665,000 - matching £ for £ the amount of new equity raised in the Placing - of the NW1 Investments loans will become interest free and repayable on 31 July 2018; and (ii) the balance of £6,274,000 of the NW1 Investments loans will become repayable on 31 July 2017 with interest accruing from 1 January 2016 until 31 July 2017 at a rate of 2.5% above the base lending rate of the Bank of England. These loans were previously repayable on 31 July 2016 and carried an interest rate of 5%.

In addition a restructuring of the existing loans from Kifin Limited, a Kirsh Group subsidiary, has been agreed which is to take effect from Admission, whereby: (i) the term of the £500,000 loan from Kifin Limited will be extended and become repayable on 31 July 2017, with interest accruing from 1 January 2016 until 31 July 2017 at a rate of 2.5% above the base lending rate of the Bank of England; and (ii) the interest rate on the existing £500,000 convertible loan notes issued in favour of Kifin Limited, which are repayable on 31 July 2016, will be reduced with interest accruing from 1 January 2016 until 31 July 2016 at a rate of 2.5% above the base lending rate of the Bank of England. Both of these loans previously carried an interest rate of 5% and neither will bear any interest for the remainder of 2015.

The Company has agreed with NW1 Investments and Kifin Limited that all existing term and convertible loans will be interest free for the remainder of 2015 and that all accrued and unpaid interest will be forgiven. This will result in an interest saving to the Company in the year ending 31 December 2015 of c. £300,000.

The independent directors of the Company, being Fergus Kee, Paul Landau and Ann

Jones consider, having consulted with Cantor Fitzgerald Europe, the Company's Nominated Adviser, that the terms of the Loan, and amendments to the terms of the existing term and convertible loans as set out above are fair and reasonable in so far as its shareholders are concerned.

Use of Funds

The funds raised will be predominantly used to support marketing and channel development focused on US and UK territories, further product enhancement and innovation with particular focus on Kiqplan Version2, and for general working capital purposes.

Update on Recent Trading

Kiqplan is unlike other products currently offered in the wearable health sector and uniquely positions Fitbug as an innovator in what is a rapidly growing and exciting market.

Additionally, the Fitbug Orb has been enjoying considerable success, particularly in the B2B and employee wellness arenas, as was demonstrated by the Company's recent partnership with Towers Watson and Punter Southall. In June the Company received its first order from Towers Watson under this partnership worth £275,000 for the provision of Fitbug Orb and support services for their first HealthVantage client, a large Asian financial services company.

Retail response has been strong. Over the last month Sainsbury's placed stock replenishment orders totaling £265,000 and confirmed that the product would be included in its 2015 holiday promotions. US retailer Sam's Club has agreed a 25 store eight week trial of a Fitbug Orb, Wow and Kiqplan bundle starting in September 2015. Additionally, inflight retail specialist Scorpio Worldwide Limited has now added a second airline, Virgin, to its list of airlines who will stock a Fitbug/Kiqplan product bundle following their initial contract with KLM. UK retailer Argos have agreed to include both the Fitbug Orb and Kiqplan in their 2015 Autumn/Winter catalogue.

Of strategic, rather than financial significance, Homerton University Hospital NHS Foundation Trust has confirmed a pilot programme using Fitbug Orb and Kiqplan programmes. This follows a successful randomised trial with John Hopkins of a novel mHealth strategy coupling Fitbug Orb activity tracking with smart texts.

A further update will be provided with the Company's Interim results.

Admission and Total Voting Rights

Application to the London Stock Exchange has been made for the Placing Shares and

the Subscription Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 24 August 2015. Following Admission, and for the purposes of the FCA's Disclosure and Transparency Rules, the total number of ordinary shares in issue and total voting rights will be 281,450,530 Ordinary Shares.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company.

Following Admission, NW1 Investments will have a beneficial interest in 14,000,000 Ordinary Shares in the Company representing 4.8 per cent of the issued share capital of the Company.

****ENDS****

For further information visit www.kiqplan.com or www.fitbugholdings.com or contact:

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About Fitbug®

Fitbug is a leading provider of online health and well-being services to help individuals to improve their lifestyles by making realistic changes to their daily routine. It combines activity tracking devices, which download to the Fitbug app and fitbug.com to provide an understanding of each user's daily activity achievements, with mobile and web technology which provides users with personalised weekly activity and nutrition targets, feedback, advice and encouragement.

Its "Kiqplan"[™] digital health coaching platform is designed to make wearable technology relevant to new audiences and take the "so what?" out of activity tracking by providing structured action plans to help people get fitter, lighter and lead happier, healthier lives.

Key market sectors and distribution channels include retail, health insurance and rewards providers, workplace health programmes, fitness operators and consumers. Increasingly, Fitbug's platforms act as the driving force behind third party services such as white label sites, activity driven games and challenge microsites and rewards programmes. An important part of the Company's focus is on building strategic partnerships with organisations which can integrate Fitbug into their own service/product offerings or resell to their customer base. The Company has operations in the UK, Australia and Asia, with the United States remaining the primary market. For more information, visit www.fitbug.com and www.kiplan.com.