



Fitbug Holdings PLC - KIN Trading Update
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Fitbug Holdings PLC
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FITBUG HOLDINGS PLC ('FITBUG' OR 'THE COMPANY') TRADING UPDATE

Fitbug Holdings Plc, the AIM quoted digital wellness technology provider for corporate organisations, issues a trading update for the financial year ended 31 December 2016.

Trading Update

The Company announces that for year ended 31 December 2016, revenue for the year is expected to be slightly behind that for the corresponding period last year, however the mix of revenue is expected to have changed to over 90% of 2016 revenue from corporate customers. Losses before tax for the full year are expected to be in line with the Board's expectations. Overall the Group's turnaround strategy is expected to have reduced losses for the full year by almost 50% in comparison with 2015's audited loss before taxation of £6.53 million, with substantial cost savings made in the second half which will continue to benefit Fitbug through 2017 and beyond.

The Company's balance sheet is also expected to show an improvement over the

FY15 balance sheet as a result of its £2.61m fundraising and the conversion of £8.4m of the Group's core debt into equity, which was completed in July 2016.

The Board's expectations relating to FY16 are subject to completion of the Company's statutory accounts and subsequent audit; the Company expects to announce its final audited results for FY16 in April 2017.

The Board remains mindful of the funding needs of the business moving forwards, particularly with the Company's corporate wellness growth strategy, and will continue to keep this position under review.

Prospects

The Company has continued to make good progress with the development and sales of its digital wellness programmes in pursuit of its new service based strategy which was first announced in December 2015 to focus on corporate wellness.

As announced through (the non-regulatory) RNS Reach on 18 January 2017, Fitbug has secured an order for 14,000 Orb devices which it shipped to an overseas client in late December 2016. The client, a global financial services group, is embarking upon one of Fitbug's corporate challenges during the early months of 2017 as part of a one year programme and will pay ongoing service revenue for this programme. Fitbug's corporate wellness strategy is designed to shift the focus of the business away from the sale of Orbs to the generation of ongoing service revenues from the use of its digital wellness technology. Orbs are supplied to corporate customers at low margins to allow employees to access and participate in the Group's digital wellness programmes. However, the development of ongoing service revenues is expected to provide more significant margins over the longer term. The Board expects this contract to provide in the region of £60,000 in ongoing service revenue in 2017.

The Board believes that the Group's prospects for 2017 are positive with a growing pipeline of corporate opportunities particularly in the UK and Europe, with further opportunities being explored in the Far East and the US.

The Directors believe that current progress and sales opportunities confirm that the Company has embarked on the right strategy to move away from retail to focus on the B2B corporate wellness sector as previously outlined.

Further updates will be made as appropriate in line with the Company's new shareholder communication strategy.

The information communicated in this announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Restoration to trading on AIM

The Company's shares were suspended from trading at 320pm on Wednesday 18 January pending the release of this announcement. The shares will be restored to trading on AIM from 130pm today.

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Notes to Editors

Fitbug provides digital wellness solutions that empower employers to create a positive culture of health within their organisation. By helping employees to embrace a healthier way of living, Fitbug can help maximise performance, reduce absenteeism, decrease the risk of chronic illness, and lower healthcare costs.

The Company's technological edge allows it to address holistic wellness by engaging both individuals and teams through intelligent, personalised interaction and gamification. This is an opportunity to make incremental behavioural changes that will last a lifetime. The progress of individuals translates to actionable data, meaningful reporting and insights that allow the organisation to monitor the impact of the programme and to refine it in order to achieve success.

Fitbug's corporate challenges are competitions between employees of corporate customers using the Company's digital wellness technology.

An RNS Reach announcement refers to media only/ non-regulatory announcements; an RNS Regulatory announcement is required to be notified under the AIM Rules for Companies.

Fitbug's shares are quoted on the London Stock Exchange AIM market under ticker FITB.

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