

## ASX ANNOUNCEMENT

24 August 2017

### Appointment of Administrators

For over twelve months, the businesses of SurfStitch Group Limited (ASX:SRF) have been faced with several significant, external challenges including two class actions, the protracted Coastalwatch litigation and an ASIC investigation. These challenges each bring high levels of uncertainty and material costs that are entirely outside of the control of the Group operational businesses. These have had, and will continue to have, an adverse impact on the Companies' cash flow position.

In light of the Board's continuous assessment of the Group's financial position and as part of its ongoing efforts to optimise business operations and preserve stakeholder value, an administrator has today been appointed to the Group's listed entity and its holding company, SurfStitch Group Limited and SurfStitch Holdings Pty Limited respectively.

The operating businesses, comprising:

- SurfStitch (Australian based eCommerce operation);
- SurfDome (UK based eCommerce operation);
- SWELL (North American eCommerce operation);
- Magic Seaweed; and
- STAB,

**all remain in operation and are not the subject of administration.** These businesses will continue trading as usual and will benefit from the removal of the non-operational issues that have consumed so much management time and resources to date.

Chairman, Sam Weiss said:

"Today's decision reflects the exceptional circumstances that have impacted the SurfStitch Group for well over a year. The appointment of administrators to the listed and holding entities will allow our operating companies to focus solely on trade and the provision of a rewarding experience for our customers going into the critical December peak period.

The Board is committed to build on the strong progress management has delivered through FY17, to optimise results for the operating companies and to preserve value for all stakeholders. The appointment of administrators, at this time, is necessary as we seek to put the business on a sustainable footing for the future and to remove uncertainties at the listed and holding company level, without impacting on business as usual at the subsidiary operating level.

The Board and management will assist the administrators as required to investigate and pursue a restructure and recapitalisation of the operating companies and intends to explore the potential for a Deed of Company Arrangement.”

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