

ASX ANNOUNCEMENT APPOINTMENT OF ADMINISTRATORS

24 August 2017, Brisbane – The Directors of SurfStitch Group Limited, an ASX listed entity and SurfStitch Holdings Pty Limited, the owner of the operating subsidiaries, (collectively "Non-Operating SurfStitch Companies") have appointed John Park, Quentin Olde and Joseph Hansell of FTI Consulting to act as Administrators, effective immediately.

The Group's on-line companies, SurfStitch (Aus), SurfDome (UK) and Swell (US), and publishing businesses MagicSeaweed (UK) and Stab (Aus & US) are <u>unaffected</u> by the Appointments and will continue to trade as normal. Customers will continue to receive their merchandise as usual and suppliers and employees will be paid in the ordinary course of business.

The below chart details the Group corporate structure and the relationship between the Non-Operating SurfStitch Companies and the operating businesses.

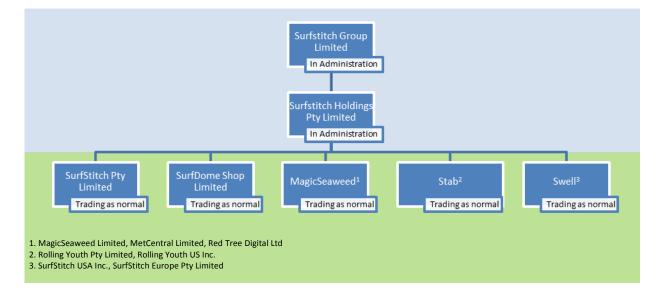


Figure 1: Group Corporate Structure

Chairman statement

The Chairman of the Non-Operating SurfStitch Companies advises that the companies reluctantly made the appointments due to several significant external challenges including two Class Actions, protracted litigation and an ASIC investigation which have brought high levels of uncertainty impacting the companies' trading position. The Administrators have been appointed with the intention of preserving value for stakeholders in the business whilst recapitalisation options are pursued.

All operating businesses remain in operation and are not the subject of Administration.

Administrator statement

John Park, Leader Australia, Corporate Finance & Restructuring of FTI Consulting, said the Administrators will work closely with the operating businesses to preserve value for stakeholders.

"The legal proceedings against the Non-Operating SurfStitch Companies will be stayed following the appointments, which will provide the Group with breathing space to focus on trading into the critical December peak period."



"The Administrators will investigate the potential for a recapitalisation of the Non-Operating SurfStitch Companies with the intention of securing a better outcome for stakeholders." he said.

The Administrators will provide a high level update on the progress of the administration and strategy moving forward at a creditors meeting expected to be held on Tuesday, 5 September 2017.

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About the FTI Consulting Corporate Finance & Restructuring practice

The FTI Consulting Corporate Finance & Restructuring practice is an industry leader with an experienced, specialised team of professionals across Australia and the Asia Pacific region as well as North America, Latin America, and Europe. The FTI Consulting Corporate Finance & Restructuring practice leverages its extensive industry knowledge, operational expertise and international network to protect the enterprise value of its clients. It specifically focuses on liquidity management, turnaround and restructuring, capital solutions, performance improvement and transaction advisory services.