

SurfStitch Group Announces Early Completion of its European Integration Plan and Upgrades FY15 pro forma EBITDA guidance

Burleigh Heads, Australia – As part of its global integration plans, SurfStitch Group Limited (ASX: SRF) today announced completion of its strategic integration initiative to restructure its operations in Europe. SurfStitch Group acquired SurfDome in December 2014 and today's announcement represents early execution of the Company's global integration plans for the European region. Following an extensive review, the Company identified material EBITDA synergies and is revising its Consolidated FY15 pro forma EBITDA guidance from \$5.1 million to \$7.0 million¹, representing a 37% increase from previous guidance. The plan is expected to improve the position of the family of SurfStitch Group brands through long-term sustainable profitable growth in Europe.

"Early completion of the European consolidation reflects our dedication to successful integration of our Global businesses and our ability to execute and deliver on our global initiatives and strategies. We remain focused on our customers and vendors who will receive continuous operation and order fulfillment through the transition. The consolidation is not expected to result in any business disruption and represents a significant milestone in the execution of our global strategic plans" said CEO Justin Cameron. "We are prioritizing the successful integration of our recently acquired businesses to deliver on our commitment to provide our shareholders with accretive transformative growth acquisitions."

As a result of the Company's actions, the SurfStitch Group will no longer have a physical warehouse or office operations in France. European customers will continue to receive uninterrupted fulfillment and service through the SurfStitch, SurfDome and SWELL websites, and shipments to Europe will maintain the same standard of service as has come to be expected from the SurfStitch Group.

"The decision to consolidate the operations was a difficult but necessary one to honor our obligation to our customers, shareholders and business partners," Mr. Cameron stated. "We would also like to thank our employees for their service and commitment through this consolidation process. We are dedicated to working with our teams globally and the local communities, along with the Federal and Regional Governments, to support our employees."

With execution of the European consolidation ahead of schedule, SurfStitch Group expects pro forma revenues of \$199.1 million (unchanged from previous guidance) and \$7.0 million¹ in pro forma EBITDA (representing a 37% increase from previous guidance) for the fiscal year ending 30 June 2015.

¹ Excludes one-time costs relating to the IPO; separation from Billabong Group; acquisition of SurfStitch Australia, SurfStitch Europe, Swell US and SurfDome UK; and consolidation of the Europe region. Also excludes nonrecurring costs that have been discontinued as part of the consolidation of the Europe region.



About SurfStitch Group

SurfStitch Group is an industry leading online retail destination in action sports and youth culture apparel to over two million dedicated customers via its websites SurfStitch.com, Swell.com and Surfdome.com. A leading pure play online action sports retailer globally, SurfStitch Group is the only major pure play online action sports retailer in Australia and New Zealand, has a leading position in Asia and Europe and is strengthening its growing presence in the North American online action sports segments. SurfStitch Group is home to over 50,000 styles from over 900 of the world's leading and unique action sports and street fashion brands. Headquartered in Burleigh Heads, Australia, the SurfStitch Group has physical locations in Australia, the UK and the USA. The Company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker SRF.

SurfStitch Group Resources:

For more information on the SurfStitch Group, please visit:

- Investor Centre: <https://www.surfstitchgroup.com/investors/>
- SurfStitch Group Website: <https://www.surfstitchgroup.com/>
- SurfStitch Website: <http://www.surfstitch.com/>
- Surfdome Website: <https://www.surfdome.com/>
- SWELL Website: <http://www.swell.com/>

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All numbers are unaudited. The financial information includes non-IFRS information which has not been specifically audited in accordance with Australian Accounting Standards. This release may contain "forward-looking statements". Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of SurfStitch Group. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this release. SurfStitch assumes no obligation to update such information.