

19 April 2017

MARKET UPDATE: Sale of Garage Entertainment

SurfStitch Group Limited (**SurfStitch Group** or the **Company**) announces the completion of the disposal of one of the Group's media businesses, Garage Entertainment, to the Madman Media Group. The business comprises Garage Entertainment Aust. Pty Ltd and TMG Media Pty Ltd. In June 2016, SurfStitch Group announced its decision to undertake a strategic review of its assets, including the Group's media assets. Today's announcement reflects the outcome and recommendations of that review.

The Madman Media Group will pay a nominal cash consideration for Garage Entertainment and, following completion, the parties have agreed to negotiate to enter into a strategic partnership arrangement for the supply of marketing and content development and advertising services to the SurfStitch Group. No other form of consideration will be exchanged between the parties.

SurfStitch Group recognised a \$12.9m impairment for Garage Entertainment in its full year FY16 results, representing full write-down of goodwill.

The sale of Garage will not have a material impact on FY17 underlying EBITDA of the SurfStitch Group.

ENDS

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About SurfStitch

SurfStitch Group is an industry leading online global action sports and youth culture network. SurfStitch Group has evolved from a pure-play online action sports retailer to become a destination for customers to connect with everything action sports related. Together, SurfStitch Group's websites serve a unique customer community of over 6 million, representing a digital ecosystem capable of capturing and influencing all points of the surf and action sports lifestyle cycle.

About Madman Entertainment

Madman is a leading independent film and television distribution and rights management company, with offices in Australia and New Zealand. Madman is renowned for its commitment to quality Australian and foreign film, documentary content, as well as highly collectable categories such as Japanese anime, genre film, animation and cult television. Madman's capabilities encompass end to end acquisition, marketing, creative, sales and distribution in all mediums and formats, from the silver screen to the digital realm. Madman is also a proud producer of Australian film and television content. Put simply, Madman is mad for entertainment. Madman is majority owned by funds advised by Five V Capital.

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