

Indoor Skydive Australia Group Limited

ACN 154 103 607

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OPERATIONS UPDATE

Indoor Skydive Australia Group Limited (ASX:IDZ or ISA Group) provides the following update after a successful Easter holiday period as a three facility company. An average occupancy of 70% was achieved across the facilities during the period.

Operations Update – Gold Coast, Penrith & Perth

iFLY Gold Coast achieved its April targets several days prior to the close of the month. This was a pleasing result offsetting the, between holiday, low tempo periods. The facility's Skydiving program, conducted in conjunction with the Australian Parachute Federation and local skydiving operators, has been a success and has increased our professional skydiver market. We are also in negotiations with potential tenants to fill the remaining office space at the facility. We have implemented a sales desk at ground level to better attract customers from Surfers Paradise foot traffic.

The Penrith iFLY Downunder facility continues to perform well, matching its year on year occupancy throughout the Easter period. The facility, having recently celebrated its 3rd Birthday is a stable operation. The first timer conversion to return flyers at Penrith continues to trend upwards, driving occupancy in the evenings and for off peak timeslots.

The Perth iFLY Perth facility is operating in line with our Penrith facility. This is particularly pleasing for an operation which is less than 5 months old. Corporate events have been particularly successful, as has the early Kids Club membership initiatives.

Since the December/January period, ISA Group has been driving an efficiencies program across its operations. The program's aim is to reduce the costs of operations, while retaining the flexibility to ramp up operations to meet demand in higher tempo periods. Efficiencies included reduced operating hours, shaping customer demand and reducing labour costs.

The efficiencies program was tested and proven during the Easter holiday period. All facilities were able to successfully ramp up operations to take advantage of strong holiday traffic. This was achieved without compromising the quality of the customer's experience. For example, our Penrith and Gold Coast facilities were able to offer the very popular High-Fly add on experience in all times slots over the holiday period. This resulted in a 14% and 119% increase in take up compared to last year's holiday period for Penrith and Gold Coast respectively.

Commercial Update - New Products & Experiences

ISA Group continues to implement new products and experiences targeting potential and emerging markets. For example, the Group recently implemented a series of ladies' nights at each of our facilities. These nights provide an opportunity for both newer and experienced flyers to participate in group flying and to be introduced to the sporting elements of indoor skydiving. These events have been very popular and indicate the growth of a new market segment.

Similarly, introducing children to the sport has been a strong focus. iFLY Perth recently hosted over 400 children at a "kids introduction to flying" day. In Penrith, at iFLY Downunder over 200 children completed their STEM Education Programme in the last month. The growing attraction of the sport in the youth market is very exciting.

ISA Group has also partnered with the Australian Parachute Federation and specific skydiving venues to build a combined Indoor/Outdoor skydiving training product. Students from the outdoor drop zones use time flying in our facilities to accelerate the achievement of their free fall skydiving qualifications. On the Gold Coast a successful coaching promotion has increased the facility's reputation as a training and development tunnel within the professional skydiving community.

A world first frequency/loyalty program for indoor skydiving has been recently launched by the Group. This Frequent iFLYER Program reflects our commitment to professional flyers and provides rewards to flyers based on time flown across any of our facilities over a one year period. Over 1,000 members have qualified for the Program in the 4 months since its inception.

The third annual Australian Indoor Skydiving Championships will be held in August this year. This year the Championships will include preliminary events conducted at each of our facilities, leading to the Championship event at our Penrith facility. We anticipate strong participation this year as the Championships will provide an important lead up event to the World Parachuting Championships being hosted by the Australian Parachuting Federation on the Gold Coast in 2018.

Growth Update – Malaysia, Sydney EQ, South East Asia, Hong Kong & Mainland China

Work on ISA Group's first international facility, located at the 1 Utama Shopping Centre in Malaysia, is advancing well. We expect to enter into formal construction agreements shortly. Early construction works on the site are complete. We expect an opening date in December 2017.

In conjunction with this international expansion for the Group, we will be launching our new international brand later this month. This brand will be used in all tunnels operated by ISA Group outside Australia and New Zealand. The new brand is an exciting development aimed at capitalising on the appeal of our sport to the international market. The new international brand will be supported by our world leading Australian operating practices.

The design and development of our second Sydney facility at EQ Moore Park is underway with project management and early stage consultants appointed. We are focussed on reducing the overall CAPEX for the project, the success of which will lead to the preparation of a development application anticipated to be lodged later this year. As previously announced, the project is expected to be a joint venture with our US partners, SkyVenture, with ISA Group contributing 60% of the construction cost managing the operations.

South East Asia, Hong Kong and Mainland China facilities continue to be a focus for ISA Group with several prospects under investigation. The Company aims to provide a further update on these opportunities before the end of the financial year.

Further information on ISA Group is available at www.indoorskydive.com.au.

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About Indoor Skydive Australia Group Limited (ACN: 154 103 607)

Indoor Skydive Australia Group Limited was established in 2011 as the parent company to build and operate indoor skydiving facilities across our region. These facilities allowing human flight within a safe environment are currently used by tourists, skydiving enthusiasts and military throughout the world. Flexible operating hours, low overheads and proven technology are just a few of the highlights that support the company's business model. The Company listed on ASX on 18 January 2013 under the code IDZ.

For further information visit: www.indoorskydive.com.au

Telephone: +61 2 9325 5900 fax +61 2 9325 5950

Wayne Jones, CEO, +61 2 9325 5900 or wjones@indoorskydive.com.au

Fiona Yiend, Company Secretary, +61 2 9325 5900 or fyiend@indoorskydive.com.au

Andrew Angus, Investor Relations, +61 402 823 747 or andrewangus@overlandadvisers.com.au