

Indoor Skydive Australia Group Limited
ACN 154 103 607

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OPERATIONS AND COMMERCIAL UPDATE

Indoor Skydive Australia Group Limited (ASX:IDZ or ISA Group) provides the following update on the key achievements from the second half of FY2017.

Operations Update – Gold Coast, Perth and Penrith

The focus on implementing efficiencies and driving operating performance continued into the second half of 2017 with continuously improving results. A strong, streamlined, base level of operations has been established at each facility, while retaining the ability to ramp up operations to cater to demand.

The quality of the customer experience continues to be of a very high level - reflected in customer research, feedback surveys and online independent ratings. Each of the tunnels has received an average rating of 4.5 or more out of 5, across the key online sites - this significant achievement demonstrates a sustained, high level of consumer recognition across newer and older facilities and the diverse locations in which ISA Group operates.

The Gold Coast facility has achieved stronger performance month on month compared to the prior corresponding period. A dynamic marketing strategy has been implemented at the Gold Coast to cater to the impulse buying tourist market. This strategy has been combined with a successful marketing drive aimed at the local sport skydiving community to underpin revenue in the low seasonal periods.

The Perth facility has quickly established itself as a must do activity in the region and is consistently performing in line with our more mature Penrith facility. The Junior iFlyer program and the Corporate groups and events have been particularly successful. Pleasingly, the quality of the Perth building was recently recognised by the Master Builders/Bank West 2017 Excellence in Construction Awards where the building won Best Public Use Building (under \$20 million).

Our Penrith facility continues to be the flagship operation with a 16.4ft flying chamber catering to the sports and professional markets. The Penrith facility is a dynamic operation focused on continuous improvement which is reflected in its consistent, stable operations and higher rate of return customers.

While the full year EBITDA margin improved across all tunnels in the second half performance, work continues to exceed expected targets. There will be significant items that will impact the full year results and are non-recurring in nature. Subject to the completion of audit, ISA Group expects to achieve a normalised EBITDA of A\$1.2-1.4m for FY2017.

The company expects to release its FY2017 audited results on 24th August 2017.

Commercial Update

During the second half of the financial year, the commercial focus was on the development of our recently launched, AirRider brand, and the new Australian marketing campaign.

The AirRider brand is wholly owned by ISA Group and will be used in ISA Group facilities operated throughout South East Asia, China and Hong Kong. The AirRider brand signals to customers the high quality of experience they will receive, regardless of location, and provide assurance that highest safety standards are being implemented.

During the period, ISA Group commenced the roll out of its new Australian marketing campaign, "Be a Superhero". The Superhero campaign has been very well received by customers and supported by "Superhero Training Days" at each facility. These days have been particularly successful with over 100 attendees on each day.

Growth Update

To facilitate growth into new markets, ISA Group has continued developing its independent international, multi-jurisdiction IT ecosystem over the period. This new digital ecosystem will enable ISA Group to provide a consistent "mobile first" customer interface and experience across our international operations independent of the vertical wind tunnel (VWT) manufacturer. These systems are approaching the intensive testing phase and will be rolled out with our first international facility, AirRider 1 Utama. This systems capability will enhance ISA Group's ability to generate additional revenue from future growth tunnels, starting with AirRider 1 Utama.

AirRider 1 Utama is advancing well and scheduled for opening in December 2017. The base building construction works have progressed steadily on site and the reinforced concrete construction around the lower levels of the VWT equipment, including the plenum, has been completed. Recruitment of key roles for AirRider 1 Utama has also commenced and an experienced facility manager has been identified to guide the operation through its initial years. The facility will initially be staffed with a combination of local and expatriate staff with a strong focus on localisation in the medium term.

ISA Group's Agreement for Lease at EQ, Moore Park in Sydney's Eastern Suburbs continues until the end of this year. ISA Group intends to use this time to ensure that if the project progresses it will deliver an acceptable rate of return, taking into account the costs of the construction and the specialised vertical wind tunnel equipment.

ISA Group's commitment to its growth strategy continues apace. Additional opportunities in South East Asia, Hong Kong and China are under investigation and subject to continual planning.

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

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