



*A visionary adventure leisure company
formed to build and operate world class
indoor skydiving facilities across the region*

2018 Results Presentation

For the year ended 30 June 2018

25 September 2018

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Contents

- 1. FY18 Full Year Results**
- 2. Legal Dispute Impact**
- 3. Way Forward**

1. ISA Group Overview

- Costly legal dispute with SkyVenture
- Full and final settlement achieved:
 - Resolves all legal issues
 - Reverses SkyVenture investments in Perth and Gold Coast resulting in ISA Group 100% ownership
 - Re-establishes relationship with SkyVenture to deliver future projects under iFly brand
 - ISA Group relinquishing AirRider brand and economic benefit from Malaysian facility
- Inbound Tourist Operators engaged and starting to deliver
- Integrating Indoor Skydiving with Outdoor Skydiving
- Launch of new loyalty program
- Investment in facility management
- China Projects still viable under JV with local partners utilising iFLY technology

1. FY18 Results & Analysis Overview

	FY 2018 ('000)	FY 2017 ('000)
Revenue & Other Income	\$14,277	\$12,317
EBITDA	(\$6,387)	\$983
Underlying EBITDA*	\$2,293	\$1,233
NPAT	(\$10,141)	(\$891)
Underlying NPAT*	(\$1,121)	(\$891)
Underlying Earnings/share	(\$0.82)	(\$0.68)
Net Tangible Assets/share	\$0.16	\$0.22

FY18 commentary
<ul style="list-style-type: none"> ○ 16% increase in revenue with full year operations for 3 Australian facilities. ○ Reported EBITDA reconciles as; <ul style="list-style-type: none"> ○ Legal Costs (2.52m) ○ Impairment of AirRider (1.67m) ○ Non-refundable deposits (0.8m) ○ Impairment of ETDA (0.15m) ○ Dispute Settlement Cost (3.53m) ○ NPAT is affected by the non-recognition of the deferred tax asset on tax losses of \$1.7m and the share of the JV loss of \$340k. ○ NTA is affected by settlement provision of \$5.5m and depreciation.

**Excludes the effect of one off legal fees, settlement costs and cost associated with AirRider investment*

1. FY18 Results & Analysis - Balance Sheet

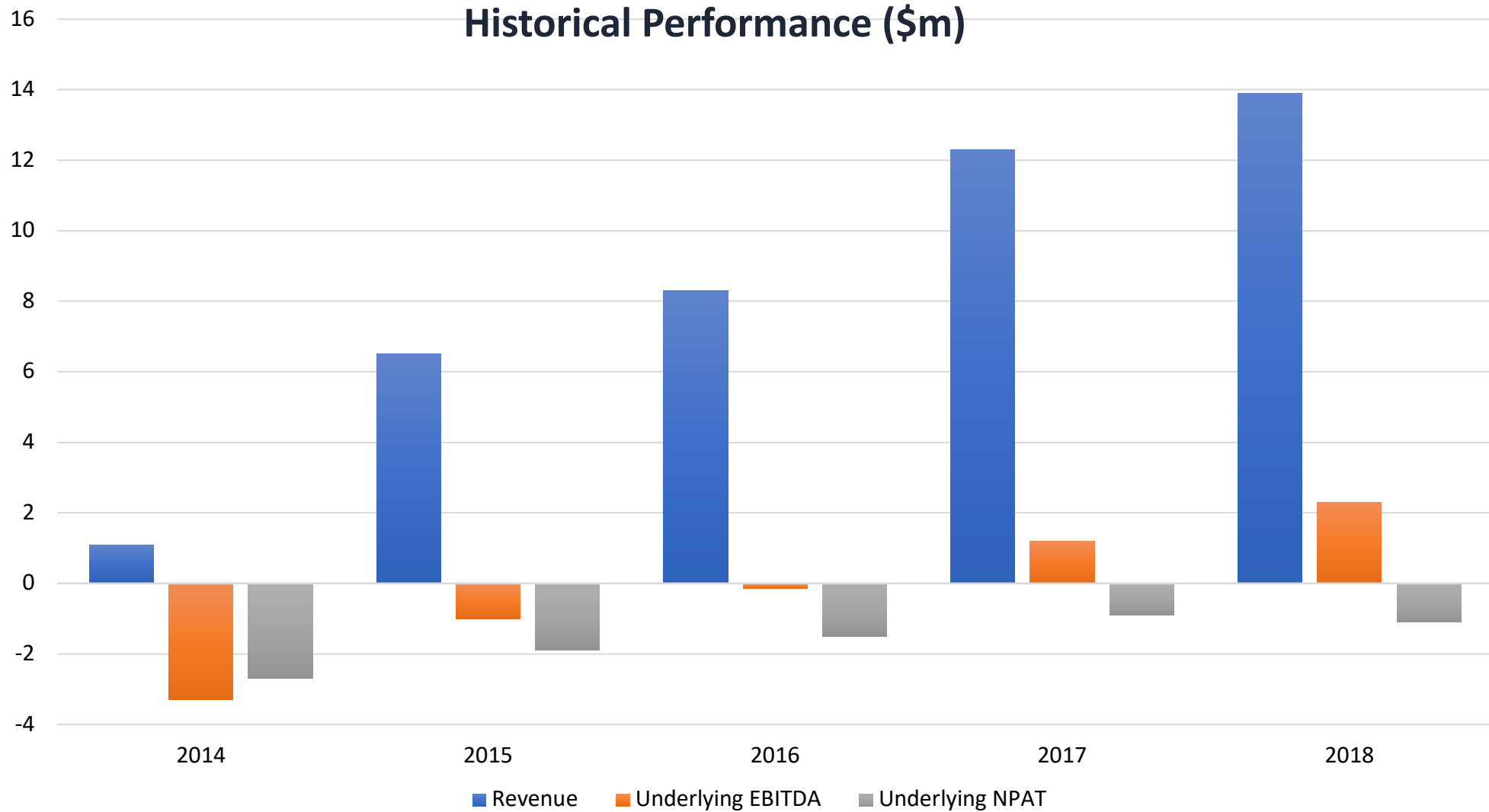
	30 Jun 18 (‘000)	30 Jun 17 (‘000)	FY 2018 commentary
Property, plant & equipment	42,151	43,965	○ Reduction in PPE relates to full year depreciation with minimal CAPEX.
Intangibles	264	773	
Other assets	2,926	5,118	○ Other assets affected by write off of non-refundable deposits of \$802k, cash position reduced by \$753k and reduction in deferred tax asset by \$918k offset by investment in JV of \$206k.
Borrowings	10,967	10,739	
Deferred revenue	1,232	1,907	
Provisions	6,763	1,095	○ Financial flexibility and support provided by Westpac throughout the legal dispute.
Other liabilities	3,998	3,656	○ Provisions include all costs associated with settlement. The settlement costs are supported by a promissory note from SkyVenture.

1. FY18 Results & Analysis – Cashflow

	FY 2018 ('000)	FY 2017 ('000)
Receipts from customers	14,946	14,523
Payment of suppliers & employees	(13,508)	(12,024)
Net Cash from operations	880	2,148
Purchase of PPE & intangibles	(1,370)	(9,907)
Investment in JV	(545)	-
Share issue	-	5,323
Net borrowings	282	1,592
Net cash movement	(753)	(844)

FY 2018 commentary
<ul style="list-style-type: none"> ○ Net cash from operations negatively impacted by costs associated with dispute, investments in upskilled management and operational improvements. ○ Intangibles includes \$1.3M for the development of AirRider brand establishment in Malaysia in FY18. ○ Investment in Malaysia comprises of \$470K share holder loan and \$75k share capital. ○ Borrowings movement is the net impact of repayment of WBC loan of \$1.2M offset by \$1.5M drawdown of Birkdale loan in Jun 18.

1. FY18 Results & Analysis



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1. FY18 Full year Results
 2. **Legal Dispute Impact**
 3. Way Forward

2. Legal Dispute - Summary

Key items

- Arbitration went against ISA Group
- Complete and full settlement achieved
- Required to only use SkyVenture tunnels worldwide
- Loss of AirRider Brand and economic benefit from Malaysian operations

ISA Group Financial Impact

All expenses and provisions captured in FY18 accounts

- \$1.7m AirRider brand write off
- \$1m ETDA and deposits write off
- \$2.5m ISA legal expenses
- \$3.5m SkyVenture settlement cost
- \$2m repayment of SkyVenture investments in Gold Coast and Perth tunnels

2. Legal Dispute Outcomes

- Full and final settlement achieved
- All costs associated with the dispute have been provisioned for in FY18 accounts
- Relationship with SkyVenture maintained
- All legal action complete
- Preferential pricing on equipment secured
- Guaranteed supply
- Bespoke models to be developed for ISA Group
- Focus back on Operations

Legal Dispute is over – Focus back on business

2. Legal Dispute – Funding & total debt position

As at 01 Sep 18

Westpac Bank Debt facility	\$9.2m	<ul style="list-style-type: none">• Covenant met for FY18• New term agreed – 7 years• Understand and support the business
Birkdale Loan	\$3m	<ul style="list-style-type: none">• No Covenant• 2 year term• 7.5% interest• No Amortisation
SkyVenture Promissory note	US\$3.8m	<ul style="list-style-type: none">• No Covenant• 2 year term• 7.5% interest• No Amortisation first 12 months• US\$1.6m convertible at US\$0.079

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1. FY18 Full year Results
 2. Legal Dispute Impact
 3. **Way Forward**

3. Way Forward

Renewed Board of Directors

- Appropriate Skill Set and Experience
- Independent – Fresh look

Overhead Cost reductions

- Streamlined to focus on Australian Operations
- Right size cost of overheads for the Australian Business

Repair Balance Sheet

- Reduce debt levels
- Consolidate Operations and Utilise Cashflows



3. Way Forward

Renewed Board of Directors

- Refocus and redirect the company
- Deliver shareholder value
- Capitalise on corporate & industry experience
- Continued commitment from founders and current directors

New Directors

Jon Brett
Non Executive Chairman

- Experienced, independent leader
- Drives shareholder value
- Financially astute and results focused

James Spencely
Non Executive Director

- Dynamic innovator
- Expertise in commercialising new technology and niche operations
- Experienced in Corporate transactions

Simon Ward
Non Executive Director

- SkyVenture head of International Operations
- Established the UK indoor skydiving market
- Drives VWT innovation and technology with SkyVenture

Continued Existing Directors

Wayne Jones
Director and CEO

Danny Hogan
Executive Director

Stephen Baxter
Non- Executive Director

3. Way Forward

Overhead cost reductions

- Streamlined to focus on Australian Operations
- Overhead cost reduction

Increased commitment to drive return on investment in Australian facilities through diversification, growth in current operations, and ancillary revenue opportunities.

Following the restructure of Australian tunnel operations in FY18 to increase the skills, marketing and performance at tunnel level, corporate overheads can be significantly reduced to deliver performance. While there will be initial costs incurred in FY19 to facilitate these reductions, the ongoing overheads are expected to be less than \$2m on a like for like basis.

	FY2018	FY2019	FY2020
Staff and Project teams	1,933	1,197	763
Marketing	625	495	-
Restructure	-	260	
Directors Fees	125	320	420
Other	1,205	571	600
Total	3,888	2,843	1,783

3. Way Forward

Repair Balance Sheet

- **Reduce debt levels**
- **Consolidate Operations and Utilise Cashflows**

During the past 6 months, the Company has had to fund substantial legal expenses in both Australia and the US. The legal dispute changed direction on multiple occasions resulting in higher than expected expenses on legal advice, travel, economic experts and consultants. The negative result drove the requirement for ISA Group to pay SkyVenture's legal expenses in both the US and in Australia. In order to meet our financial obligations, ISA Group has had to increase our debt levels.

With all legal disputes finalised, ISA Group is considering all options to maximise shareholder value. Those options include; re-financing, the sale of assets, merger or a combination of all options.

3.Strategy – Next 12 months

Next 12 months – back to basics

Increase earnings from Existing Tunnels

Return utilisation above 70% across facilities – currently average occupancy = 55%

Renewed Marketing Focus

Utilizing newly appointed agency focusing on improved marketing ROI and results

Introduction of new revenue streams

Addition of low CAPEX add ons at the facilities including Virtual Reality, Laser Tag, Arcade halls, sub-leasing available space

Reduce Corporate Overheads

90% complete with ongoing focus on continual cost management

Reduce Debt levels

By Focusing on driving cashflow to reduce debt

Increase Shareholder Value

By Demonstrating increased revenue capability on reduced cost

Consolidation, refocus, redirect



*A visionary adventure leisure company
formed to build and operate world class
indoor skydiving facilities across the region*

Thank you

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