

**Indoor Skydive Australia Group Limited
Chairman's and CEO's Address
2018 Annual General Meeting – 28 November 2018**

Chairman's Address

Good morning ladies and gentlemen, it is my great pleasure to welcome you to Indoor Skydive Australia Group Limited's 2018 Annual General Meeting.

Year in Review

The 2018 financial year was a challenging year for ISA Group with lower than expected performance across the industry and difficult trading conditions in the second half of the year. It has been a year of uncertainty arising from arbitration proceedings.

The operations were impacted by senior management's need to focus on the arbitration proceeding in the second half of the year which resulted in certain revenue generating activities being deferred.

The arbitration proceedings were unfavourable which necessitated the impairment of the investment in the AirRider brand.

The key focus is now to improve trading performances at each of the tunnel locations and developing a strong presence in local markets meeting different customer expectations. We are also further strengthening the indoor skydiving industry in Australia through the Open Championship and return flyer programs.

The safety of our employees and our customers is paramount, and we are committed to supporting the management team in their efforts. We have completed the year without any serious accidents at our operations.

Costs has been lowered considerably as a result of reduction in the corporate activities for the Group.

Comparative revenue for four months till 31 October 2018 is down by 6.6%. We are aiming to recover this revenue by enhancing our customer product offering with the introduction of the virtual reality experience in December.

Way Forward

The key focus in 2019 year are;

- improve profitability of our Australian operating tunnels by:
 - reducing corporate overheads with relocation of head office to our Penrith tunnel being closer to the operations.
 - Review and restructure of roles and responsibilities for operating and administrative teams.
 - Expansion of our product offer to our customers with introduction of virtual reality experience.
 - Better engagement with professional skydivers in drop zones.
 - Investment made in staff training to improve our customer shopping experience.
- reduce the extend of debt on the balance sheet with a capital restructure.

We will continue to manage the Malaysian tunnel in close association with SkyVenture.

I would like to thank my fellow Board members, Wayne Jones and his leadership team, our operational and support teams for their commitment and efforts. Our people continue to meet the challenges we put to them, particularly the continuous pressure for improved operating performance and enhanced health and safety performances with skill and dedication.

You will be aware that we saw a significant restructuring of the Board after the year end. The Board took the opportunity to review the whole Board composition and function. The resulting Board does, we believe, better meet generally accepted corporate governance standards, increasing the representation of Independent and Non-Executive Directors. In addition, our two sub committees of the Board will have greater representation addressing concerns of a smaller subcommittee.

I would like to pay tribute to my predecessor as Chairman, Ken Gillespie. Ken made a major contribution to ISA Group during its formative years and positioned us well to move to the next stage of development.

Thank you.

Jon Brett
Chairman
28 November 2018

CEO's Address

The company faced a very challenging year in FY18. We achieved a number of our key objectives, however, these were overshadowed by the negative outcome from the costly legal dispute that was underway throughout the majority of the year. Since the settlement of the dispute in September, the company has been focused on core business and the operation of our Australian portfolio of wind tunnels.

During the year ISA Group invested in its management and expertise at tunnel level, ensuring a quality leadership team for the future. We focused on integrating our systems and processes for a smoother customer experience, as well as developing new experiences both in and outside of the wind tunnel.

Our priorities are to continue to deliver the highest quality of customer service, whilst introducing new and exciting experiences and increasing our return customer base.

Sport Flyer Market

During the year we launched our new loyalty program, Flight Club. This has been a great success with over 600 members joining within the first few months of inception. This was bolstered with a special offer which generated c. \$850K within 48 hours of the offer being opened.

We have also introduced a new process for coaching which will encourage the progression of our return flyers ensuring greater retention in the sport.

The Australian Indoor Skydiving Championships, held at iFLY Downunder in Penrith, NSW, was again a huge success with 246 registrations competing over the two day period. With registrations increasing every year, and expanding sponsorship and international competitors, the sport of indoor skydiving in Australia continues to gain popularity.

Retail Market

We are excited to announce the launch of our Virtual Reality Skydiving Experience across Australia this summer. The Virtual Reality experience has proven to be very successful across iFLY facilities around the world and is being implemented into the Australian businesses in time for the Summer Sales and Christmas gifting campaigns. The Virtual Reality flight combines the indoor skydiving experience with immersive visuals powered through a purpose-built headset. The customer can

choose between multiple locations such as a Skydive over the Swiss Alps, Hawaii or a Wing Suit Base Jump.

We are also looking at innovative ways to integrate the VR component into our overall product by utilising space within the facilities for stand-alone VR experiences to bring in alternate revenue streams as well as value add components to enhance the overall customer experience.

Corporate Overhead Reduction

In conjunction with finalising multiple projects throughout the year, the company has significantly reduced its corporate footprint during the past three months. Along with a reduction in personnel, the corporate office has been relocated to the iFLY Downunder facility at Penrith.

Board Renewal and Looking Ahead

With a renewed Board of Directors, the company has a clear strategy to advance into the future along with a fresh outlook and the appropriate skill set, experience and independence. Delivering shareholder value by capitalising on corporate and industry experience, reducing overheads and repairing the balance sheet are keys to future success.

Thank you.

Wayne Jones
Chief Executive Officer
28 November 2018