



*A visionary adventure leisure company
providing experiences through indoor entertainment and
realistic simulation*

INVESTOR PRESENTATION

15 July 2019

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ISA uses certain measures to manage and report on its business that are not recognised under Australia Accounting Standards or IFRS. These measures are collectively referred to in this presentation as ‘non-IFRS financial measures’ under Regulatory Guide 230 ‘Disclosing non-IFRS financial information’ published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measures that are referred to in this presentation are EBITDA and proforma. EBITDA is earnings before interest, tax, depreciation and amortisation and significant items. Management uses EBITDA to evaluate the operating performance of the business and each operating segment prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges, which are significantly impacted by the historical capital structure and historical capital structure and historical tax position of ISA. Other non-IFRS financial measures that may be used in the presentation include gross margin, recurring revenue, gross revenue, EBITDA, EBISA, EBIT, NPATA before significant items, working capital, capital expenditure, net operating free cash flow, net operating free cash flow conversion ratio and net debt.

Although ISA believe that these measures provide useful information about the financial performance of ISA, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australia Accounting Standards and not as a replacement for them.]

All dollar values are in Australian dollars.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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1. OVERVIEW

Indoor skydiving is the closest experience to Skydiving without any of the risks.

Indoor skydiving is an activity that anyone can partake in. Each participant flies in a column of wind created by a vertical wind tunnel.

The vertical wind tunnel is used as a training tool for special forces military units, recreational skydivers and enthusiasts around the world.

Skydiving being an outdoor activity is seasonal, and even during favourable seasons, conditions such as the wind and rain can make it impossible. Indoor skydiving removes weather from the picture. This means that no matter the outside weather, the wind tunnel is a comfortable place to fly and train.

Indoor skydiving is a worldwide sport. The sport has been recognised by the World Air Sports Federation (FAI) and now FAI competitions are taking place around the world.

Indoor Skydive Australia Group owns and operates indoor skydiving centres in Australia and is looking to expand into other experiential and simulation activities throughout the country.



1. OVERVIEW

Indoor Skydive Australia Group is seeking to raise up to **A\$3.4m** through a renounceable entitlement offer of new shares in the company.

The capital raise will support the company's immediate strategy of **Repair, Growth and Diversification**.

In conjunction with the sale of its Perth facility and the material reduction in interest bearing debt, the company is now focused on increasing operational performance, new business streams, reducing costs and paying down its remaining debt.

The capital raise coupled with the partial conversion of the Birkdale debt and further repayment of debt to Westpac will complete the next phase of the strategy that is currently being executed by the company.

Positive Balance Sheet Impacts - Repair;

- \$1.2m conversion of Birkdale debt plus interest capitalisation and term extension
- Continued repayment of Westpac facilities
- Improvement of other outstanding liabilities

Positive P&L impacts – Growth;

- Reduction in Board and Senior Management costs
- Investment in growth through existing and new businesses
- Improved sales through increased marketing budget
- Investment in Digital strategy including new web platform

1. OVERVIEW

Funds raised through the Entitlement Offer will enable:

- Substantial Investment in growth activities, specifically introducing new revenue generating businesses including Virtual Reality offerings
- Implementing a new web platform and digital marketing strategy
- Further reduction to interest bearing debt and other liabilities
- Funding required to implement enhanced marketing initiatives to drive revenue
- The provision of additional working capital

Under the entitlement offer, eligible shareholders will be given the entitlement to subscribe for **2.5** new shares for every **1** share held at an offer price of **\$0.01**. The offer price represents a **38%** discount to the last close price.

To the extent that eligible shareholders under the entitlement offer elect not to take up their entitlements (and eligible shareholders do not subscribe for all of the shortfall) the entitlements will be sold into the bookbuild to third party investors. The shortfall placement process will be conducted by Veritas Securities Limited (**Veritas**), the lead manager of the offer.

1. OVERVIEW – CAPITAL STRUCTURE

	A\$3.42m	A\$2.00m
Current capital structure		
Number of Shares on issue as at the date of the Prospectus (m)	136.7	136.7
Market capitalisation prior to entitlement offer (\$m)	\$2.187	\$2.187
Last close price (\$)	\$0.016	\$0.016
30-day VWAP (\$)	\$0.016	\$0.016
Entitlement Offer		
Offer price (\$)	\$0.01	\$0.01
Discount to last close	38%	38%
Discount to 30-day VWAP	38%	38%
Gross proceeds (\$m)	\$3.42	\$2.00
Rights issue shares issued (m)	342	200
Conversion of Debt*		
Partial Conversion of Birkdale loan (\$1.2m)	120	120
Capital Structure at completion of Entitlement		
Number of Shares on issue following completion of the Entitlement Offer	478	337
Number of Shares on issue following completion of the Entitlement Offer and conversion	598	457
Market capitalisation following Entitlement Offer and Conversion (\$m)	\$5.98	\$4.57

*subject to shareholder approval

1. OVERVIEW - USE OF FUNDS

Use of Funds (m)	Maximum Subscription		Minimum Subscription	
	\$	%	\$	%
Reduction in Debt and Liabilities	\$1.97	58%	\$1.16	58%
Debt and other liabilities	\$1.97	58%	\$1.16	58%
Investment in Growth Activies	\$0.90	26%	\$0.35	18%
Fitout for VR space	\$0.30	9%	\$0.10	5%
VR Launch - brand dev, website, digital marketing	\$0.40	12%	\$0.10	5%
other VR start up costs	\$0.10	3%	\$0.05	3%
Direct Digital Marketing Strategy,website upgrade	\$0.10	3%	\$0.10	1%
Working Capital	\$0.26	8%	\$0.24	12%
Above the line advertising	\$0.20	6%	\$0.20	10%
Other	\$0.06	2%	\$0.04	2%
Cost of Raise	\$0.28	8%	\$0.25	13%

1. OVERVIEW – PERTH ASSET SALE

Sale of Assets (m)	Value
	\$9.24
Reduction in Debt and Liabilities	\$6.97
SkyVenture Promisary note	\$5.53
Other liabilities	\$0.99
Westpac reduction	\$0.45
Other	\$2.27
Future Royalties	\$2.27

2. STRATEGY

Upon completion of the Entitlement Offer and the sale of the Perth facility:



2. STRATEGY

REPAIR

Immediate and Material reduction in interest bearing debt & liabilities
Restructure of board and senior management – reduction in overheads

In conjunction with the sale of its Perth facility and the material reduction in interest bearing debt, the company is now focused on increasing operational performance, new business streams, reducing costs and paying down its remaining debt.

Birkdale loan variation;

- \$1.2m to be converted into equity at \$0.01 per share
- Capitalisation of interest payments of the remaining \$1.8m until June 2020
- The extension of the maturity date for an additional 12 months to June 2021

Restructure of the Board and Senior Management;

- Restructure has occurred in order to further reduce company overheads
- Knowledge and experience has been maintained
- Overhead saving of c. \$500k p/a

2. STRATEGY

GROWTH through existing operations

Investment in growth activities – \$900k
Introduce new website and sport flyer initiatives
Implement digital marketing strategy

Maximising 4 years of royalty free period for Penrith and Gold Coast facilities

· Investment in Digital Strategy;

- The rollout of a proven digital platform including a mobile friendly website, ecommerce, point of sale and CRM system
- Increased digital media spend
- Integration of new payment methods previously not available including Afterpay
- Improved online customer experience and conversion rates

Investment in Advertising;

- Re-alignment of marketing spend to FY2018
- Increasing first timer yield through brand building and direct sales

Continued development of Sports Flyer initiatives;

- Building on a successful program designed to grow and improve the sport component of indoor skydiving
- Introducing an improved customer journey for conversion of first timers to sport flyers

2. STRATEGY

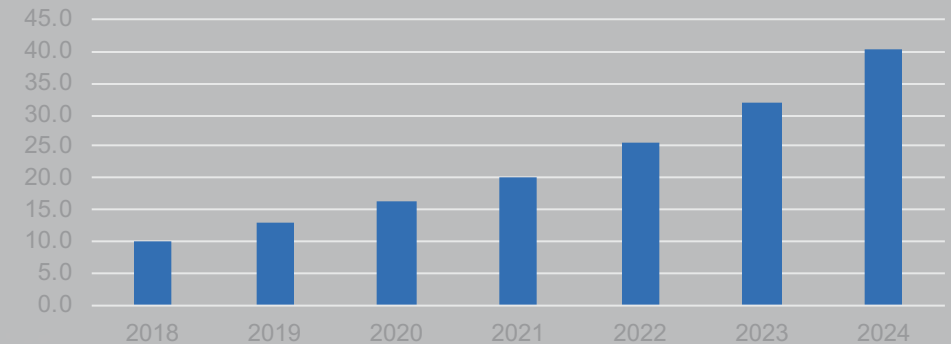
GROWTH through new business

New revenues through Virtual Reality with minimal capex requirements
Rapid implementation in existing facilities, new facilities rolled out once acceptable locations secured

Virtual Reality and ISA Group

- ISA Group has a strong history in innovative and realistic simulated experiences.
- Skydiving simulation has been delivered as both a leisure activity for the adventurous at heart, and as a serious training tool for skydivers and military.
- 18 months ago ISA Group commenced investigating VR experiences as an additional business stream in both Australia and China – the projects were put on hold partly due to cashflow restrictions in mid 2018.
- New revenue streams with minimal CAPEX requirements and minimal additional resources will be generated through the use of existing locations initially, followed by additional selective locations.
- With a minimal launch time and a lower price point to our existing offerings, ISA Group will be targeting a new customer base previously unrealised.

GLOBAL VR GAMING MARKET VALUE US\$ (BN)



<https://www.researchandmarkets.com/reports/4763110/virtual-reality-gaming-market-global-industry>

2. STRATEGY

DIVERSIFICATION through new business and acquisition

Introduction of selective leisure and entertainment activities
Assessment of appropriate acquisition opportunities, complimentary to both current and new markets

Once the initial VR offerings are in place and successful, the company expects to commence an aggressive expansion plan;

- New locations to be secured allowing greater access to new markets
- Strategic discussions are underway with specialised hardware suppliers of technology which would result in the first of it's kind experience available to the APAC region
- Both multi-player free roam and arcade models are currently under review
- Both consumer and B2B markets are under investigation, including simulated training programs

Future diversification is part of the company's strategy. During the past 6 months, the board has assessed multiple acquisition opportunities. The company intends to continue to explore all options that fit within our expertise of experiential leisure and simulation to both consumers and industry.

3. KEY DETAILS OF OFFER

Under the Entitlement Offer, eligible shareholders at the record date of 18 July 2019 at 7pm (Sydney time) (**Record Date**) are able to subscribe for 2.5 new ordinary shares in the Company (**Shares**) for every 1 Share held on the Record Date at an offer price of \$0.01. Eligible shareholders can choose to take up their entitlement in full, in part or not at all. They may also apply for additional shares in excess of their entitlement (**Additional Shares**). Additional Shares will only be available where there is a shortfall between applications received from eligible shareholders and the number of new Shares to be issued under the Rights Issue and at the discretion of the ISA Group Board. Additional Shares will be issued at the offer price of \$0.01 per new Share. Eligible shareholders may also elect to sell their entitlements on ASX.

Indicative Timetable

Ex-date. Rights commence trading on ASX	17 July 2019
Record Date	18 July 2019
Despatch of Prospectus and Entitlement and Acceptance Forms to eligible shareholders	23 July 2019
Offer Period Opens	23 July 2019
Rights trading ends	25 July 2019
Offer Period Closes	01 August 2019
New Shares commence trading on ASX	08 August 2019

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