

## Indoor Skydive Australia Group Limited

ACN 154 103 607

ASX/Media Release

Sydney, Australia – 19 June 2018

### NEW LOAN FACILITY AND OPERATIONS UPDATE

**Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group)** announces that it has entered into agreements for a \$3m loan facility from Birkdale Holdings (QLD) Pty Ltd ATF The Baxter Family Trust (**Loan Facility**).

#### ***Loan Facility***

ISA Group has secured a new facility of \$3m to provide short term working capital to cover liquidity shortfalls caused by the impact of the dispute with SkyVenture International Ltd and associated legal fees (**SkyVenture Dispute**). Under the facility ISA Group can draw down up to \$3m in a series of tranches subject to satisfying certain conditions. As part of the loan agreements ISA Group will issue 6m options with an exercise price of \$0.25 and an expiry date of 2 years from the date of issue. The issue of securities on exercise of the options is subject to shareholder approval under Listing Rule 10.11 which will be sought at the Annual General Meeting.

The Loan Facility has been negotiated on an arm's length basis. Its term is 2 years and is supported by a second ranking general security agreement. The Loan Facility has been approved by our primary financier Westpac.

#### ***SkyVenture Dispute Update***

The arbitration hearing of the SkyVenture Dispute was held in Houston Texas in early May 2018. On the arbitrator's recommendation ISA Group is seeking to establish a regime for formal negotiation of the dispute. A negotiated outcome would enable the parties to establish an agreed commercial basis for their ongoing relationship. This process will take place over the next few months. If that process is unsuccessful the arbitrator will need to issue a decision which is now expected in mid-August 2018.

#### ***Australian Operations Update***

The April/May period was quieter than expected across all 3 tunnels, with flight sales down on average 20% on a pcp basis. June has rebounded with an increase in military, sports and first timer sales mainly due to some longer-term initiatives starting to materialize.

The underlying EBITDA from the Group in FY18 is expected to be in the range of \$2.3 - \$2.7m. Managing our cashflows due to higher than anticipated legal costs has resulted in the deferral of multiple revenue generating projects and activities. The ARX booking system, mobile booking App, and general marketing boosts and activities have been affected during the period. All projects are expected to resume in FY19.

Over the course of the last 6 months a program of upskilling and team development has resulted in the appointment of a new Group General Manager as well as new managers at our Gold Coast and Penrith facilities.

Each of our facilities continues to tap into the key local markets that support their growth. The Gold Coast facility has significantly strengthened its relationship with inbound tourist operators with an increase in tourist sales expected in FY19.

Our Perth facility continues to build ties with the local community and is fast becoming the activity of choice with first timers. The Perth facility supports a number of local sporting clubs and has corporate sponsorship with the Perth wildcats further building its public image. These initiatives, together with the strong relationship with dropzone (traditional skydiving) operators, enables the Perth facility to continue to deliver high occupancy rates throughout the year.

ISA Group's commitment to growing the sport of indoor skydiving continues. Sports flyers provide steady, repeat revenue from a dedicated and reliable customer base. "ISA Flight Club", ISA Group's loyalty program was launched in June to provide it's members with a smoother booking process, greater benefits and rewards and further development of the sport.

In August this year Penrith will be hosting the fourth Australian indoor skydiving championships along with several professional coaching and training events in the lead up period. The event will be broadcast live on social media as well as extensive coverage across mainstream television throughout the event. The championships continue to grow year on year and one of the focuses this year will be inviting "rookie" flyers to their first competition.

### ***Malaysian Operations Update***

The initial response to AirRider Kuala Lumpur has been very positive and continues to grow month on month. The experience of human flight has captured the attention of Malaysians with significant local coverage from prominent radio stations, television shows and social media assisting in spreading knowledge of AirRider. The professional flying community has welcomed AirRider and a number of sold out professional coaching camps have already been held at the facility.

To further enhance the experience of flying, AirRider commenced trailing an integrated virtual reality (VR) experience in early May 2018. After initial flights to ensure basic competency customers can don a VR headset which provides a visual simulation of a skydive over iconic locations anywhere in the world. Together with the experience of flying in the AirRider facility, the VR experience provides the ultimate in skydiving simulation.

### ***Future Projects Update***

To facilitate our ongoing future projects, ISA Group has restructured its head office to create a dedicated project focused team. The projects team will be headed by Danny Hogan under the new title of Group Projects Officer. The role will be responsible for the delivery of all major projects including new wind tunnels both international and local, IT projects, value add projects such as VR, as well as implementing initiatives to drive profitability in our operations.

The China rollout continues to progress with multiple sites currently under investigation. The next steps will be to formalize the joint venture agreements, confirm preferred locations and the selection of the most suitable technology to cater for those markets.

Further information on ISA Group is available at [www.indoorskydive.com.au](http://www.indoorskydive.com.au).

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

Indoor Skydive Australia Group Limited is a visionary leisure company established in 2011 to build and operate a portfolio of world class 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. Our business plan is based on proven technology, flexible operating hours and low overheads. The Company listed on the ASX on 18 January 2013 under the code IDZ.

**For further information visit:** [www.indoorskydive.com.au](http://www.indoorskydive.com.au)

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