

Indoor Skydive Australia Group Limited
ACN 154 103 607

ASX/Media Release
Sydney, Australia – 30 April 2020

Quarterly Activities Report

Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group or Company) is pleased to provide its Quarterly Activities Report and Appendix 4C with the ASX for the quarter ending 31 March 2020.

The quarter was dominated by the bushfire emergencies affecting our NSW operations followed by the events leading up to and including the COVID 19 shutdowns. The Company moved quickly and decisively to mitigate risks and initiate successful immediate tactical shifts in strategy.

Key Activities during the Quarter

Completion of the Perth Asset Sale

Settlement of the sale of the Perth Indoor Skydiving facility to iFly Australia Pty Ltd (a subsidiary of SkyVenture International Limited) was completed on the **21 February 2020**. The transaction value of c.\$9.2m has significantly reduced the Company's liabilities and will increase cashflows through the royalty free period over the next 4 years. The sale also marked the completion of all disputes between ISA Group and SkyVenture.

COVID-19 Response

Following the directive of Prime Minister Scott Morrison and the National Cabinet on the 22nd March 2020 implementing stage 1 restrictions on social gatherings, all of ISA Group's venues across Australia have been temporarily closed to the public.

ISA Group immediately implemented its contingency plans including the temporary standing down of the majority of all staff. A small support team remained at each facility along with a reduced management team.

Since the closures the Company has qualified for some and continues to pursue multiple government relief measures. One of these measures is the JobKeeper program which has enabled the Company to maintain all staff at reduced hours allowing maintenance, training and planning for a successful post COVID period.

Continued Development of FREAK Entertainment

The successful launch of our Virtual Reality business continued through the quarter until the forced closure of our venues.

Work continues on the new Gold Coast location which we still anticipate opening as soon as the restrictions are lifted. Further sites within NSW are under negotiation with the aim to launch as soon as circumstances permit.

Adapting to the premises closures and government restrictions associated with COVID-19, FREAK in a BOX, a VR home delivery service has just launched. This home entertainment model has been well received and is likely to remain part of our offering once operations return to normal.

Cashflow Analysis

Whilst the Company had very low cash levels at the end of the March quarter, the Company received cash inflows of c.\$170k in early April (which had been anticipated in March prior to the restrictions). We have also received support from our senior financier to support the JobKeeper initiative as well as relief from repayments associated with our debt facility. The Company has recently launched a gift card sales campaign which is expected to generate further cash reserves. With these cashflow initiatives in place, the support from our debt providers and Government relief measures, the Company will see through the COVID shutdown and expects to be well positioned to relaunch its operations immediately following the restrictions being lifted.

Further information on ISA Group is available at www.indoorskydiveaustralia.com.au.

ENDS

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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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Indoor Skydive Australia Group Ltd

ABN

39 154 103 607

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,444,779	5,824,778
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-417,011	-1,769,250
(c) advertising and marketing	-11,273	-101,167
(d) leased assets	-	-
(e) staff costs	-830,348	-2,998,111
(f) administration and corporate costs	-162,144	-457,326
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-12,000	-133,114
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (creditors from prior periods)	-53,406	-1,238,433
1.9 Net cash from / (used in) operating activities	-41,403	-872,622
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-160,729	-494,261

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	44,826	46,571
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-115,903	-447,690

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,000,053
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-179,691
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-132,000	-607,967
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-132,000	-1,212,395

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	313,118	131,730
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-41,403	-872,622
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-115,903	-447,690

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-132,000	1,212,395
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	23,812	23,812

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	23,812	313,118
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,812	313,118

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

-65,491

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Includes \$45,491 in Directors Fees paid to past Directors, and \$20,000 interest paid to Birkdale Holdings (Qld) Pty Ltd.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	7,440,829	7,440,829
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	3,000,000	3,000,000
7.4 Total financing facilities	10,440,829	10,440,829

7.5 Unused financing facilities available at quarter end

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Westpac Banking Corporation – secured – 3.72%
 Westpac Banking Corporation – secured – 3.56%
 Westpac Banking Corporation – secured – 3.79%
 Birkdale Holdings (Qld) Pty Ltd – secured – 7%

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	-41,403
8.2 Cash and cash equivalents at quarter end (Item 4.6)	23,812
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	23,812
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	-0.58

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

No. During the COVID-19 affected periods we have reduced all cash outflow resulting in a net cashflow neutral position. Note that the current net cash flow contains \$53,406 paid to creditors for prior periods (YTD \$1,238,433).

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes. The company has applied for several COVID-19 relief initiatives and our senior financier has supported the company to continue through the COVID-19 shutdown.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The company will continue to operate through the COVID-19 shutdown period, though on a significantly reduced basis. The company has launched new revenue streams through VR and continues to provide critical training to the military.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30/04/2020.....

Authorised by: 
(By the board)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.