

Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group)

ACN 154 103 607

ASX/Media Release

Sydney, Australia – 29th July 2021

Quarterly Activities Report

Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ending 30 June 2021.

Highlights

- Net Cash from Operations YTD +\$1.2M
- Strong April holiday period at FREAK & iFLY
- iFLY Facility Upgrades completed
- Launch of FREAK Education
- Enterprise VR training and simulation business in advanced stages of development

The company continued to experience strong sales throughout the final quarter of FY21. Both wind tunnel and virtual reality business segments performed above expectations throughout a uncertain environment. Net cash from operating activities was \$243k for the quarter, this includes \$64k of creditor payments from previous periods. Net cash from operations for the year to date is \$1.2m. Cash receipts for the quarter were \$2.2m bringing the year to date to \$8.0m.

The April school holidays saw both business segments reaching capacity, qualifying the direct digital marketing strategy and customer acquisition. The period included the continued expansion work for FREAK Entertainment and the Launch of FREAK Education together with investment in the recruitment and training of new staff across the businesses. This training included new wind tunnel instructors and mid-level managers at the tunnels. The company invested in facility upgrades and a refresh of the buildings, fittings and media systems at both iFLY premises.

The company has also been focused on developing it's enterprise offering through simulation based training and other military and industry applications.

Wind Tunnel Activities

IFLY Downunder and GoldCoast

Sales and revenue across the indoor skydiving business continued to out perform budget despite the uncertain environment created by the pandemic later in the quarter.

Throughout June the company has been investing in new equipment to improve our customer experience at the iFLY facilities. The annual maintenance is complete at both facilities and iFLY Downunder has completed a refresh of paint, carpet and fittings throughout the building.

Virtual Reality Activities

FREAK Entertainment

FREAK venues performed steadily amid restrictions throughout the period. The future rollout remains underway with the latest facility to be announced in August to be located within a major shopping complex within Sydney. Additional sites have been identified and are in the pipeline with commencement dates to be assessed against the current COVID landscape. FREAK was chosen as the preferred Virtual Reality partner for worldwide virtual music festival, Splendour XR. Held between July 24 & 25, FREAK provided mobile 'FREAK In a Box' kits to media and event organisers.

FREAK Education

FREAK Education, currently in pilot stage, provides immersive learning solutions including Virtual Reality (VR) and Augmented Reality (AR) programs to primary and high school students.

The pilot program was launched in June with two Sydney based public schools. The virtual reality learning experiences are curriculum aligned covering STEM, Geography, History and the Arts. Lesson plans for teachers are provided with the solution.

FREAK Education is a nationwide incursion service with mobile VR / AR kits delivered to schools while also offering excursions to venues. Operations will be administered from existing venues optimising the utilisation during the mid-week periods.

COVID Response

The COVID pandemic has continued to affect the businesses throughout the period with closures in NSW and QLD throughout the second half of June. These closures remain throughout NSW and are expected to remain during August.

The company is well positioned for the extended lockdowns with healthy cash levels and will continue to operate its "FREAK in a box" home delivery service throughout NSW.

Enterprise Virtual Reality training and simulation business unit

The development of the enterprise Virtual Reality training and simulation business is well advanced and the company is expecting to be in a position to give a strategy update in August.

Summary of Expenses

Net cash from operating activities was \$243k for the quarter, this reconciles as receipts from customers of \$2.2m less operating and marketing expenses of \$1.9m which includes staff costs related to future projects. There was an additional \$64k of creditor payments relating to FY2020.

Related parties expenses reconcile as; executive directors remuneration of \$66k, non-executive director fees of \$14k from FY2020.

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

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

Indoor Skydive Australia Group Limited was established in 2011. A visionary adventure leisure company bringing specialised experiential, training and simulation solutions across the region, targeting a wide market that includes families, tourists, thrill seekers and military. IDZ has two Australian Indoor Skydiving Facilities; iFLY Downunder (Penrith NSW) and iFLY Gold Coast. The company also owns and operates a Virtual Reality business under the consumer brand Freak Entertainment. 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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	2,208,961	8,033,643
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-602,263	-2,398,667
(c) advertising and marketing	-109,990	-453,021
(d) leased assets	-10,486	-90,057
(e) staff costs	-869,165	-2,919,708
(f) administration and corporate costs	-113,807	-574,854
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-185,228	-233,702
1.6 Income taxes paid	-37,156	-37,156
1.7 Government grants and tax incentives	25,993	565,950
1.8 Other (creditors from prior periods)	-64,016	-678,086
1.9 Net cash from / (used in) operating activities	242,843	1,214,342
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	-145,636	-440,448

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	20,000	20,000
	(c) property, plant and equipment	-	-
	(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	-125,636	-420,448

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	1,057,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-28,527	-62,827
3.8	Dividends paid	-	-
3.9	Other (creditor settlement to facilitate debt restructure)	-	-258,131
3.10	Net cash from / (used in) financing activities	-28,527	736,042

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,672,506	231,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	242,843	1,214,339
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-125,636	-420,448

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-28,527	736,042
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,761,186	1,761,186

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	Previous quarter \$A
5.1	Bank balances	1,761,186	1,672,506
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)	1,761,186	1,672,506

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**

80,379

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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 Salaries and superannuation to executive Directors and fees to former Directors.

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	Amount drawn at quarter end \$A
7.1 Loan facilities	4,000,000	4,000,000
7.2 Credit standby arrangements	-	-
7.3 Other (Birkdale Holdings (Qld) Pty Ltd)	3,541,708	3,541,708
7.4 Total financing facilities	7,541,708	7,541,708

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.

Causeway Financial – secured – 12.75%
Birkdale Holdings (Qld) Pty Ltd – secured – 7%

8. Estimated cash available for future operating activities	\$A
8.1 Net cash from / (used in) operating activities (Item 1.9)	219,444
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,761,186
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,761,186
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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:
N/A

- 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:
N/A

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

Answer:
N/A

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:29 / 07 / 2021

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.