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

ACN 154 103 607

ASX/Media Release
Sydney, Australia – 27th October 2020

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 September 2020.

The company experienced a strong quarter in wind tunnel sales due to the re-opening of both facilities in late June. The Virtual Reality business also continued to perform above management expectations throughout the quarter and, dispite Queensland border closures, FREAK Gold Coast launched on the 5th September. The company also commenced preparation for FREAK Bondi Junction during the period.

Wind Tunnel Activities

Post COVID closures, the company has experienced pleasing results in flight sales at both iFLY Gold Coast and iFLY Downunder in Western Sydney. After the implementation of the updated booking platform, direct ecommerce bookings are contributing c. 50% of all sales confirming the success of the new digital marketing strategy.

Customer service improvements continue with updated systems throughout the call centre and our Frequent Flyer program, Flight Club.

Virtual Reality Activities

FREAK Penrith has continued to perform well throughout the quarter with a new experience launched in September and a busy school holiday period in early July and late September. FREAK Gold Coast launched on the 5th of September and has experienced a similar take up as the Penrith site. Both sites continue to offer the home delivery service.

FREAK Bondi Junction is on track to open in mid-November with site fitout, equipment purchase and training well underway.

The new FREAK booking system will go live in October allowing for rapid expansion and standardised systems across the VR division.

Cashflow Analysis

Strong sales since re-opening have ensured that the Company is cashflow positive for the quarter after generating cash receipts from customers of $1.544m. Our senior financier remains supportive and discussions are continuing around a long term solution to the balance sheet position. Likewise our trade creditors have been supportive throughout the COVID closure, with landlords and other creditors giving us relief or extended payment terms where possible. With the positive receipts from customers we continue to make significant progress in paying down these debts.

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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.

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Stephen Tofler, Company Secretary stofler@indoorskydive.com.au

Appendix 4C

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

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Name of entity	
Indoor Skydive Australia Group Ltd	
ABN	**Quarter ended ("current quarter")**
39 154 103 607	30 September 2020

Consolidated statement of cash flows		**Current quarter $A**	**Year to date (3 months) $A**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,544,307	1,544,307
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-319,086	-319,086
	(c) advertising and marketing	-81,137	-81,137
	(d) leased assets	-17,979	-17,979
	(e) staff costs	-583,514	-583,514
	(f) administration and corporate costs	-335,720	-335,720
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-10,612	-10,612
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	418,500	418,500
1.8	Other (creditors from prior periods)	-295,141	-295,141
1.9	**Net cash from / (used in) operating activities**	**319,617**	**319,617**

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	-9,762	-9,762

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Consolidated statement of cash flows		Current quarter $A	Year to date (3 months) $A
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(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**	**-9,762**	**-9,762**

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	-	-
3.6	Repayment of borrowings	-	-
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	231,252	231,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	319,617	319,617
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-9,762	-9,762

Consolidated statement of cash flows		Current quarter $A	Year to date (3 months) $A
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**541,107**	**541,107**

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	541,107	231,252
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)**	**541,107**	**231,252**

6.	Payments to related parties of the entity and their associates	Current quarter $A
6.1	Aggregate amount of payments to related parties and their associates included in item 1	44,390
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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 Director, Directors fees to former Directors as well as part payment of redundancy payment to former Chief Operations Officer.

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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	7,503,094	7,503,094
7.2	Credit standby arrangements	-	-
7.3	Other (Birkdale Holdings (Qld) Pty Ltd)	3,000,000	3,000,000
7.4	**Total financing facilities**	10,503,094	10,503,094

7.5	**Unused financing facilities available at quarter end**	-

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 – 3.69%
Westpac Banking Corporation – secured – 3.76%
Westpac Banking Corporation – secured – 3.53%
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)	319,617
8.2	Cash and cash equivalents at quarter end (Item 4.6)	541,107
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	541,107
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:

1. 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

2. 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

3. 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

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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: .....27/..10../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.

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