

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

**ACN 154 103 607**

### **ASX Release**

**Sydney, Australia – 11 August 2021**

### **Acquisition of Virtual Reality Production Studio**

**Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group)** announces the acquisition of Red Cartel, Virtual Reality Production Studio and content developers.

Red Cartel are one of Australia's leading experts in VR, AR, XR, location-based entertainment and premium animated content for Games, Venues and Enterprise. The company has over 20 years of experience servicing a large number of industries including Entertainment, Oil and Gas, Mining, Healthcare and Government. Previous clients include Shell, Red Bull, eBay, Qantas, Cadbury, KPMG and TAFE.

The total consideration for the acquisition is \$609k comprising an up front payment of \$12,191 with the remaining consideration being paid by the issue of ISA Group ordinary shares to the seller over the next 3 years. The total amount of shares to be issued for each payment is calculated based off the greater of a set share value or the 15 day VWAP at the anniversary of the completion of the acquisition. There are 3 separate tranches of shares to be issued with the majority of the payments being deferred until the second and third anniversaries of completion. Details of the share issues will be set out in an Appendix 3B. Completion of the acquisition is expected no later than 31 August 2021.

ISA Group is acquiring all of the assets of Red Cartel including the brand, all intellectual property, working files and hardware. As part of the transaction, key employees, including Red Cartel's founder, will become employees of ISA Group.

The incremental value to ISA Group shareholders includes;

- Creation of games for FREAK Entertainment
- Continued development of Defence and Industry capabilities
- Ability to broaden business models and revenue streams through IP ownership

### **Creation of games for FREAK**

Red Cartel has previously built a world class Virtual Reality free roam game and will design and create new free roam and arcade style content to suit current and future FREAK venues. FREAK is currently looking at multiple high through-put shorter experiences to suit theme parks, festivals and other high foot traffic areas. The ability to design, build and operate these experiences will increase the current offering under the FREAK brand.

### **Defence and Industry Capabilities**

The acquisition also includes a cutting edge military Virtual Reality training tool which has been custom built by Red Cartel over the past 12 months. The tactical trainer has been developed with current defence requirements in mind and is scheduled for live trials within 6 months of the

acquisition. The ability to provide turnkey solutions and support to global Defence markets forms part of the simulation training strategy that ISA Group put into motion last year.

### **IP ownership and additional revenue streams**

Acquiring inhouse Intellectual Property removes upstream limitations to the FREAK Entertainment rollout, and enables the delivery of Franchise and “Turn Key” system business models. Outside of FREAK, Red Cartel’s in-house development capability greatly increases ISA Group’s ability to add additional revenue streams such as licencing, support and partnerships with Enterprise markets.

“The Red Cartel team are very excited to be joining ISA Group. ISA Group is an exceptional fit for us as the vision, goals and culture of the 2 businesses align perfectly. Our 20+ years of experience in 3D production and expertise in VR development, combined with ISA Group’s extensive military background, are a perfect combination of skills to produce world-class military training applications” said Landon Curry, Managing Director and Founder, Red Cartel.

“In addition to the military training applications, we are looking forward to developing custom VR game content for the FREAK arcades and continuing to grow as a production studio for our existing clients.” continued Landon.

Wayne Jones, CEO of ISA Group said “The acquisition of Red Cartel unleashes some major opportunities in both the consumer and enterprise markets. The ability to custom build content and specific equipment to military grade positions us to engage direct with military and law enforcement units around the world. ISA Group welcomes Landon Curry and his team to the Company and we look forward to scaling both market segments with the addition of Red Cartel.”

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

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