



(ASX: THD)

## ASX Announcement

13 July 2017

# Thred Market Update

- **Product Development & Enhancement Being Accelerated**
- **Product Learnings Rapidly Incorporated to Enhance User Experience**
- **Thred Announces Establishment of In-House Tech Development Team**
- **Thred Starts initial 'In Market' Testing Phase and Baseline Metrics**

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### Product Development & Enhancement Being Accelerated

Thred now has two new product specialists inspiring, leading and delivering our Product vision; Chief Product & Growth Officer, Mez Gallifuoco and our Chief Technology Officer, Michael Cerbara. Since their appointment in May, and under their ongoing stewardship, the Company has identified new and exciting features and User growth opportunities that significantly enhance the messaging experience, creating new IP for Thred.

Thred believes these new innovations are market leading and will put Thred ahead of market thinking and direction, and will therefore, accelerate the core messaging features of Thred and ultimately, adoption by Users.

The Company is going through a process of rigorous validation and testing of these new features, including validated Product-Market fit. Once this is completed, and the Technology pathway is validated, Thred will release prototypes for testing and assessment.

The Company will update Shareholders in the coming weeks as to the nature and potential of these innovations and enhancements.

### Product Learnings Drive Enhancements for User Experience

After the initial launch, aimed to test user interest and further validate the value and behaviour of being able to chat to people from multiple communication channels, we have accumulated enough feedback and learnings to direct the iteration of core features. As such, we have devised new and better solutions to ease the user-journey of “**threding without Thred**”, a term used to describe the feature of messaging connected contacts, regardless of them having a Thred account.

This is an exciting feature that will provide greater value to the Users, as well as a strong acquisition pathway, essentially allowing Thred app Users to communicate and interact with their friends *without* them needing to initially create an account. As this is a unique and feedback-driven feature it is currently our number one development priority.

### In-House Technology Transition

There were several factors that drove Thred's decision to outsource its Platform development following its listing in June 2016. A core reason being the difficulty in finding in-house resources without the ability to provide surety of cash flow and employment. Accordingly, the Company appointed Lateral in December of 2016 as its Platform development partner. Shareholders will recall that Lateral also became a significant shareholder following the rights issue announced at the time.

Further to the most recent capital raise, and with the Platform foundation established, Thred believes it can now move all platform development in-house.

The Company has subsequently informed Lateral that this transition will gradually occur over the coming months.

Along with Management, the Development team will be based in Sydney. The key benefits of this for the Company and Shareholders are:

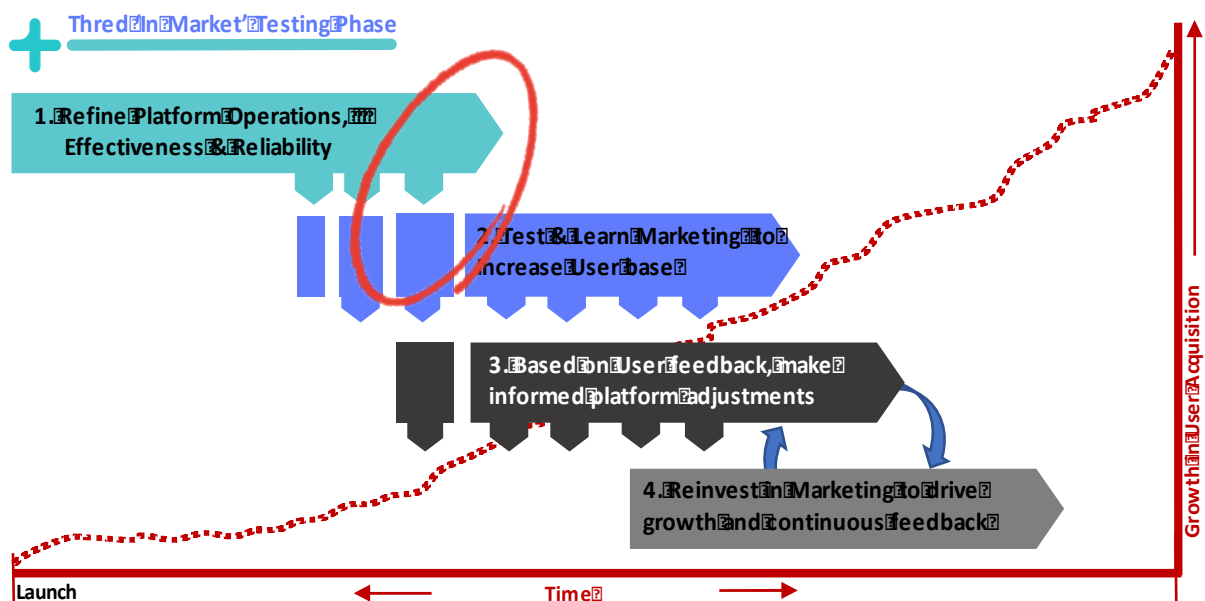
1. The Company is able to develop and enhance its own Intellectual Property;
2. The pace of Product and Technology development will increase significantly as Product, Design and Technology resources will be all in one place, using more strategic technologies;
3. Creation of the necessary business culture, centred around Product and Technology Development teams, working in unison to passionately achieve an outcome for Shareholders and Users;
4. **Up to 60% reductions in expenses associated with Technology and Product Development by transitioning to an in-house team.**

Our CTO, Michael Cerbara, is spearheading an assertive transition plan that balances the need for ongoing product enhancements, with the need to increase development speed and product quality, along with financial synergies.

**Platform Metrics Update**

In the last few days the Company has begun to apply efforts towards lifting in-market testing. Until the “**threding without Thred**” feature is deployed, no material marketing will occur. The Company believes cash is better utilised evolving and enhancing Product before growing Users, in order to deliver an engaging Product. **As such, User metrics were not expected to increase due to no material marketing being applied.**

No	Measure	63-day In Market Testing Phase	Notes
1.	Total cumulative App Downloads	2,586 (+ 298)	Total number of App Downloads from the Apple and Android Stores
2.	Avg No of Integrated Contacts per user	475 (+ 16)	The average number of contacts each Thred user integrates into Thred
3.	Total number of Thred Connected Contacts	1,170,050 (+ 120,000)	Total # of Thred Connect Contacts in platform & therefore user pipeline



This red circle on the diagram above shows where we have shifted in our plan relative to the previous guidance. Investment in initial ‘test & learn’ Marketing will begin in the next week.

## Summary

The Company acknowledges its Technology and Product iterations with the Thred Platform and thanks Shareholders for their patience. The challenges associated with the changes have been identified and are being resolved in a rigorous manner.

Notwithstanding the need for further iterations, which are common for most Tech Start-ups, the Company remains very passionate and buoyed by its direction and Market opportunities. In Summary:

- Thred is **establishing a highly capable and experienced team** who possess the necessary skills for the Company to succeed in a highly lucrative and competitive market;
- The Company has instigated changes designed to significantly reduce cash burn, expecting a **35% plus reduction in average monthly cash flow** over the coming 2 to 3 months;
- These reductions are underpinned by the **in-house resourcing of the Tech team** as advised above;
- Thred has **sufficient cash reserves to achieve its medium terms goals into next calendar year**;
- In synchronisation with in-house Technology developments, Thred is growing outstanding Marketing and Product teams. Recruitment of talent is proving easier with a Product in market.

The market for Tech resources is highly competitive. Our recent recruitment progress has allowed us to see the very positive reception from the Tech industry around Thred and engage some incredibly talented people.

Your Board remains acutely cognisant of the demised share value and increasing shareholder value remains an important KPI for our Company.



**Geoff Marshall**  
Executive Chair  
[geoffm@thred.im](mailto:geoffm@thred.im)

or **Erik Tyler**  
Investor Relations  
[erikt@thred.im](mailto:erikt@thred.im)

**About Thred: Thred Limited (ASX: THD)** has developed a globally relevant software platform that aims to provide unified social messaging, along with content creation and sharing, in one simple and intuitive consumer App. Thred intends to uniquely deliver the ability for consumers to unite their messaging, mail, connections, SMS and more, into one simple **'thred'** where they can connect, talk, transact, play, attach, watch, buy and listen with awesome simplicity and relevance. Thred plans to aggregate incumbent social, mail, content, media and 3<sup>rd</sup> party transactional platforms, empowering a universal, unified and amazingly simple place to connect with anyone, anywhere, anytime, regardless of what platform they're on. Thred aims to facilitate cross platform communications with ease and steps this up a gear by putting all device and media tools in one unique and powerful **'thred'**. Thred has launched an 'in market' testing phase through iTunes & Play Store. Following a period of User feedback and honing platform operations, Thred will gradually release a program of improvements and enhancements to increase its usefulness. Ultimately, Thred will compete on the world-stage, delivering integrations that include Facebook, Twitter, Instagram, LinkedIn, Uber, Microsoft, Google, Airbnb and more.

## FORWARD LOOKING STATEMENTS

*The material in this document has been prepared by Thred and is general background information about Thred's activities. The material may contain forward looking statements including statements regarding Thred's current situation, intent or current expectations with respect to Thred's business.*

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