



Thred to dispose of main undertaking

Thred Limited (ASX:THD) (**Thred**, or **Company**) advises that it has entered a binding heads of agreement (**Agreement**) with its wholly-owned subsidiary, AR Technologies Pty Ltd (**ARtech**), and Project Savvy Pty Ltd (**Project Savvy**), a company formed by the Company's management team for the purpose of investing in the Company's "Sweep" business (**Sweep Business**). The Agreement is subject to shareholder approval, and proposes that:

- (a) Thred will sell the Sweep Business to ARtech for \$550,000, plus reimbursement of Thred's Sweep-related expenses from 24 September 2018 until completion of the transaction (estimated to be around \$160,000); and
- (b) Project Savvy will acquire an 80% holding in ARtech by subscribing for securities in ARtech.

It is intended that ARtech will fund the future development of the Sweep Business through the offer of securities to third-party investors.

Other key terms of the Agreement are set out below.

The Sweep Business remains at an early stage of development, and in light of the significant uncertainties associated with its future profitability, the Directors have decided to de-risk the Company's exposure by entering into the Agreement and seeking shareholder approval for its implementation. This strategy will have the consequence of removing the significant financial burden of supporting the development and commercialisation of the Sweep Business whilst retaining an equity interest in any future success.

Key terms of Transaction

The key terms for the sale of the Sweep Business to ARtech (**Transaction**) are set out below.

Consideration

ART will pay THD \$550,000 for the Sweep Business in three tranches (of \$150,000 on completion of the Transaction (**Completion**) and \$200,000 on each the 1st and 2nd anniversaries of Completion). ART will also reimburse THD for its costs of maintaining the Sweep Business for the period from 24 September 2018 to Completion.

Conditions precedent

Completion is conditional on the following:

- (a) the Company receiving the approval of shareholders for the transaction to proceed;
- (b) the Company having agreed to assign the Sweep IP to ARtech;
- (c) ARtech and the Company having executed documentation pursuant to which the Company will, on a secured basis, vendor finance the sale of the Sweep Business to ART;
- (d) ARtech having entered into employee agreements with the Company's employees pursuant to which ARtech will become responsible for those employee's current and future entitlements;



- (e) ARtech having issued, or received firm commitments to subscribe for, securities to raise not less than \$300,000; and
- (f) ARtech issuing future key management personnel 6800 Incentive Options with an exercise price equivalent to a future valuation of AR tech of \$7.5m.

Full details of the transaction will be set out in the Notice of Meeting and Explanatory Memorandum currently being prepared by the Company and its advisors.

Thred also advises that it has disposed of its agency business, Agent Reality Pty Ltd, in consideration for each of the staff engaged in those activities releasing Thred from its liabilities associated with notice provisions of agreements with those staff.