



THRED LIMITED

ANNUAL FINANCIAL REPORT

30 June 2020

Thred Limited
Corporate directory
30 June 2020

Directors	David Wheeler - Non-executive Director and Chairman Sol Majteles - Non-executive Director Joe Graziano - Non-executive Director
Company secretary	Joe Graziano
Registered office & principal place of business	c/o Blackwall Legal Level 26, 140 Saint Georges Terrace, Perth WA 6000
Postal address	GPO Box 2704, Perth WA 6001 Ph: +61 (0)4 116 495 51 Fax: +61 (0)8 6169 2501 Email: contact@thred.im Web: http://thred.im/
Share registry	Advance Share 110 Stirling Highway, Nedlands, WA 6009 Postal address: PO Box 1156, Nedlands, WA 6909 Ph: +61 (0)8 9389 8033 Fax: +61 (0)8 9262 3723 Web: www.advancedshare.com.au
Auditor	Bentleys London House, Level 3, 216 St Georges Terrace, Perth WA 6000 Ph: +61 (0)8 9226 4500 Fax: +61 (0)8 9226 4300 Web: www.bentleys.com.au
Solicitors	Blackwall Legal Level 26, 140 St Georges Terrace, Perth WA 6000
Securities Exchange	Australian Securities Exchange Level 40, Central Park, 152-158 St Georges Terrace, Perth WA 6000 Ph within Australia: 131 ASX (131 279) or +61 (0)2 9338 0000 Fax: +61 (0)2 9227 0885 Web: www.asx.com.au
Stock exchange listing	Thred Limited shares are listed on the Australian Securities Exchange (ASX code: THD)

Thred Limited
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Preliminary final report

1. Company details

Name of entity:	Thred Limited
ABN:	36 124 541 466
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	1868.8% to	1,034,116
Profit from ordinary activities after tax attributable to the owners of Thred Limited	up	132.1% to	455,060
Profit for the year attributable to the owners of Thred Limited	up	132.1% to	455,060

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the Group after providing for income tax amounted to \$455,060 (30 June 2019: loss of \$1,415,506).

Refer to Director's Report in the attached Annual Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.12	0.10

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Dividend reinvestment plans

Not applicable.

Thred Limited
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6. Control gained over entities

Name of entities (or group of entities)	AR Technologies Pty Ltd	
Date control gained	9 June 2020	
		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)		-

7. Loss of control over entities

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
AR Technologies Pty Ltd	100.0%	18.9%	-	15,479
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	15,479
Income tax on operating activities			-	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

Thred Limited
Appendix 4E
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11. Attachments

Details of attachments (if any):

The Annual Report of Thred Limited for the year ended 30 June 2020 is attached.

Thred Limited Directors' report 30 June 2020

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Thred Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were Directors of Thred Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Wheeler - Non-executive Director and Chairman
Hersh Solomon Majteles - Non-executive Director
Joe Graziano - Non-executive Director (appointed 1 August 2018)

Information on Directors

Name:	David Wheeler
Title:	Non-executive Director and Chairman (appointed 30 August 2017, appointed as Chairman 11 September 2017)
Qualifications:	Fellow AICD, Member Turnaround Management Australia
Experience and expertise:	Mr Wheeler has more than 30 years of Senior Executive Management, Corporate Advisory and Directorship experience. He is a foundation Director and Partner of Pathways Corporate a boutique Corporate Advisory firm that undertakes assignments on behalf of family offices, private clients, and ASX listed companies.
Other current directorships:	Ragnar Metals Limited, Eneabba Gas Limited, Protean Energy Limited, Avira Resources Limited and UltraCharge Limited.
Former directorships (last 3 years):	Antilles Oil and Gas NL, Ausmex Mining Group Limited, Castillo Copper Limited and 333D Limited.
Special responsibilities:	Member and Chair of Remuneration & Nomination Committee
Interests in shares:	25,000,000
Name:	Hersh Solomon Majteles
Title:	Non-executive Director
Qualifications:	Mr Majteles is a commercial lawyer and has been in private legal practice since 1972.
Experience and expertise:	Mr Majteles has over 35 years' experience in business, corporate, property and commercial law and practice. Since 1983 he has been a Director of a number of publicly listed companies involved in the mining and exploration for gold, base metals, coal, uranium, oil and gas and in the bio tech sector.
Other current directorships:	Scout Security Limited
Former directorships (last 3 years):	Metals Australia Limited
Special responsibilities:	Member and served for a period as Chair of the Remuneration & Nomination Committee.
Interests in shares:	22,739,856
Name:	Joe Graziano
Title:	Non-executive Director (appointed 1 August 2018)
Qualifications:	Bachelor of Commerce, Accounting & Economics
Experience and expertise:	Mr Graziano is a Chartered Accountant with over 25 years' experience in corporate advisory and consulting to listed and unlisted companies in sectors including mining services, resources and exploration, and banking and finance.
Other current directorships:	Tyranna Resources Ltd, Kin Mining NL and Migme Ltd
Former directorships (last 3 years):	Castillo Copper Limited
Special responsibilities:	Member of Remuneration & Nomination Committee
Interests in shares:	10,000,000

Thred Limited Directors' report 30 June 2020

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Joe Graziano held the position of Company Secretary at the end of the financial year. Please refer to information on directors of this Directors' Report for further information on Mr Graziano.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee	
	Attended	Held	Attended	Held
David Wheeler	4	4	-	-
Hersh Solomon Majteles	4	4	-	-
Joe Graziano	4	4	-	-

Held: represents the number of meetings held during the time the Director held office.

At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

Principal activities

The Directors continue to assess other potential asset development or acquisition opportunities.

Review of operations

The profit for the Group after providing for income tax amounted to \$455,060 (30 June 2019: loss of \$1,415,506).

The net assets of the Group were \$2,220,349 (30 June 2019: \$1,769,215). The Group's cash and cash equivalents has increased from \$2,115,493 at 30 June 2019 to \$2,288,868 as at 30 June 2020.

During the year, the Group continues to consider various recapitalisation strategies and assess potential opportunities to reinstate the Group to normal trading. Several projects have been reviewed in the technology sector ranging from early stage to more advanced stage projects closer to commercialisation. The Board will continue to seek more advanced and commercially viable opportunities that will create value for shareholders.

On 9 June 2020, the Group acquired 100% of former subsidiary AR Technologies Pty Ltd (ARTech), the owner of the Sweep Business.

Thred Limited

Directors' report

30 June 2020

On 30 January 2020, the World Health Organisation declared the coronavirus outbreak ('COVID-19') a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's results and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Company will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

The Directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

Indemnity and insurance of officers

The Company has entered an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed:

"The Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions."

The Company must keep a complete set of Company documents until the later of:

- The date which is seven years after the Director ceases to be an officer of the Company; and
- The date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (Relevant Proceedings).

The Director has the right to inspect and copy a Company document in connection with any relevant proceedings during the period referred to above.

Thred Limited

Directors' report

30 June 2020

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

- The date which is seven years after the Director ceases to be an officer of the Company; and
- The date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Shares under option

There were no unissued ordinary shares of Thred Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Thred Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Options expired

The following options has expired during the reporting period:

Grant date	Date of expiry	Exercise price	Number under options
05/12/2016	27/02/2020	\$0.05	20,000,000
02/05/2017	09/05/2020	\$0.05	20,000,000
30/04/2017	09/05/2020	\$0.02	9,500,000

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Thred Limited

Directors' report

30 June 2020

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this may be facilitated through the issue of options to Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executive of the Company is as follows:

Non-executive directors remuneration

The Company's Constitution provides that Directors are entitled to be remunerated for their services as follows:

- The total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.
- The Directors' remuneration accrues from day to day.
- The total aggregate fixed sum per annum which may be paid to non-executive Directors is \$300,000. This amount cannot be increased without the approval of the Company's Shareholders.

The Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Executive remuneration

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related and may receive performance-based remuneration. The Board reviews Executive packages annually by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are also entitled to participate in employee share and option schemes. An Incentive Option Plan was approved by shareholders on 10 April 2017.

Fixed Remuneration

Other than statutory superannuation contribution, no retirement benefits are provided for Executive and Non-Executive Directors of the Company. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.

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Directors' report
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Performance Based Remuneration – Short-term and long-term incentive structure

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests.

- Short-term incentives - No short-term incentives in the form of cash bonuses were granted to Directors during the year.
- Long-term incentives - The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The executive Directors will be eligible to participate in any short term and long-term incentive arrangements operated or introduced by the Company (or any subsidiary) from time to time

Consolidated entity performance and link to remuneration

As the Group is in the early stages of development and commercialisation, the Board did not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

Use of remuneration consultants

During the financial year, the Company did not engage any remuneration consultants.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2020	\$	\$	\$	\$	\$	\$	\$
David Wheeler	84,000	-	-	-	-	-	84,000
Hersh Solomon Majteles	44,930	-	-	4,165	-	-	49,095
Joe Graziano	36,000	-	-	-	-	-	36,000
	164,930	-	-	4,165	-	-	169,095

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2019	\$	\$	\$	\$	\$	\$	\$
David Wheeler	93,000	-	-	-	-	-	93,000
Hersh Solomon Majteles	37,874	-	-	7,371	-	-	45,245
Joe Graziano	33,000	-	-	-	-	-	33,000
Rob James*	3,000	-	-	-	-	-	3,000
	166,874	-	-	7,371	-	-	174,245

* Resigned 1 August 2018

Thred Limited
Directors' report
30 June 2020

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: David Wheeler
Title: Non-executive Director and Chairman
Agreement commenced: 29 August 2017
Term of agreement: Mr Wheeler's appointment as a Non-executive Director will terminate on the date he retires by rotation under the Company's Constitution but will continue for further terms if he is re-elected at future annual general meetings.

Details: Mr Wheeler was elected Chair by the Board of Directors on 11 September 2017. In consideration for his services as a Chair and member of any Board committee, Mr Wheeler is paid a set a monthly fee inclusive of superannuation if applicable.

Name: Hersh Solomon Majteles
Title: Non- executive Director
Agreement commenced: 14 March 2016
Term of agreement: Mr Majteles's stepped down as Chair on 18 July 2017 and his appointment as a Non-executive Director will terminate on the date he retires by rotation under the Company's Constitution but will continue for further terms if he is re-elected at future annual general meetings.

Details: In consideration for his services as a Non-executive Director and member of any Board committee, Mr Majteles is paid a set a monthly fee inclusive of superannuation if applicable.

Name: Joe Graziano
Title: Non-executive Director
Agreement commenced: 1 August 2018
Term of agreement: Mr Graziano's appointment as a Non-executive Director will terminate on the date he retires by rotation under the Company's Constitution but will continue for further terms if he is re-elected at future annual general meetings.

Details: In consideration for his services as a Non-executive Director and member of any Board committee, Mr Graziano is paid a set a monthly fee inclusive of superannuation if applicable.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2020.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Thred Limited
Directors' report
30 June 2020

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
David Wheeler	25,000,000	-	-	-	25,000,000
Hersh Solomon Majteles	22,739,856	-	-	-	22,739,856
Joe Graziano	10,000,000	-	-	-	10,000,000
	57,739,856	-	-	-	57,739,856

Loans from/ to key management personnel and their related parties

The Group had no loans with key management personnel as at year end.

Other transactions with key management personnel and their related parties

During the year, payments were made to key management personnel and their related parties for director fees and rent. Refer to note 27 for details on related party transactions.

This concludes the remuneration report, which has been audited.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



David Wheeler
Chairman

28 August 2020

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Thred Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,



BENTLEYS
Chartered Accountants



DOUG BELL CA
Partner

Dated at Perth this 28th day of August 2020

Thred Limited
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Thred Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue from continuing operations	5	-	5,453
Other income	6	984,881	-
Interest income		49,235	47,073
Expenses			
Employment costs	7	(169,095)	(219,482)
Write off of assets - receivable	13	(5,998)	-
Loss on acquisition	29	(10,554)	-
Compliance costs		(34,420)	(107,760)
Development expenses		(15,063)	(109,455)
Information technology costs		(302)	(891)
Legal expenses		(43,780)	(78,869)
Professional fees		(145,590)	(244,409)
Impairment of loan to associate		(126,312)	-
Other expenses		(20,125)	(55,000)
Finance costs		(7,817)	(361)
Profit/(loss) before income tax expense from continuing operations		455,060	(763,701)
Income tax expense	8	-	-
Profit/(loss) after income tax expense from continuing operations		455,060	(763,701)
Loss after income tax expense from discontinued operations	9	-	(651,805)
Profit/(loss) after income tax expense for the year attributable to the owners of Thred Limited		455,060	(1,415,506)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(3,926)	(7,450)
Other comprehensive income for the year, net of tax		(3,926)	(7,450)
Total comprehensive income for the year attributable to the owners of Thred Limited		451,134	(1,422,956)
Total comprehensive income for the year is attributable to:			
Continuing operations		451,134	(1,422,956)
Discontinued operations		-	-
		451,134	(1,422,956)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying

notes

Thred Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Thred Limited			
Basic earnings per share	10	0.03	(0.04)
Diluted earnings per share	10	0.03	(0.04)
Earnings per share for loss from discontinued operations attributable to the owners of Thred Limited			
Basic earnings per share	10	-	(0.04)
Diluted earnings per share	10	-	(0.04)
Earnings per share for profit/(loss) attributable to the owners of Thred Limited			
Basic earnings per share	10	0.03	(0.08)
Diluted earnings per share	10	0.03	(0.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Thred Limited
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	11	2,288,868	2,115,493
Trade and other receivables	13	17,503	55,231
Other assets	14	39,190	3,525
Total current assets		2,345,561	2,174,249
Total assets		2,345,561	2,174,249
Liabilities			
Current liabilities			
Trade and other payables	15	96,353	405,034
Borrowings	16	28,859	-
Total current liabilities		125,212	405,034
Total liabilities		125,212	405,034
Net assets		2,220,349	1,769,215
Equity			
Issued capital	17	35,758,537	35,758,537
Reserves	19	760,579	764,505
Accumulated losses		(34,298,770)	(34,753,830)
Equity attributable to the owners of Thred Limited		2,220,346	1,769,212
Non-controlling interest		3	3
Total equity		2,220,349	1,769,215

The above statement of financial position should be read in conjunction with the accompanying notes

Thred Limited
Statement of changes in equity
For the year ended 30 June 2020

	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2018	35,758,537	771,955	(33,338,324)	3	3,192,171
Loss after income tax expense for the year	-	-	(1,415,506)	-	(1,415,506)
Other comprehensive income for the year, net of tax	-	(7,450)	-	-	(7,450)
Total comprehensive income for the year	-	(7,450)	(1,415,506)	-	(1,422,956)
Balance at 30 June 2019	35,758,537	764,505	(34,753,830)	3	1,769,215
	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2019	35,758,537	764,505	(34,753,830)	3	1,769,215
Profit after income tax expense for the year	-	-	455,060	-	455,060
Other comprehensive income for the year, net of tax	-	(3,926)	-	-	(3,926)
Total comprehensive income for the year	-	(3,926)	455,060	-	451,134
Balance at 30 June 2020	35,758,537	760,579	(34,298,770)	3	2,220,349

The above statement of changes in equity should be read in conjunction with the accompanying notes

Thred Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		-	217,392
Payments to suppliers and employees		(577,454)	(1,371,795)
Payments for research and development		-	(109,455)
R&D incentives received	6	828,426	-
		250,972	(1,263,858)
Other receipts	6	10,000	-
Interest paid		(7,817)	-
Net cash from/(used in) operating activities	12	253,155	(1,263,858)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(6,210)
Cash balance on acquisition of AR Technologies Pty Ltd	29	733	-
Proceeds from disposal of subsidiary		-	111,891
Interest received		37,978	47,073
Loans to associates		(115,055)	-
Net cash from/(used in) investing activities		(76,344)	152,754
Cash flows from financing activities			
Repayment of borrowings		(3,436)	-
Net cash used in financing activities		(3,436)	-
Net increase/(decrease) in cash and cash equivalents		173,375	(1,111,104)
Cash and cash equivalents at the beginning of the financial year		2,115,493	3,226,597
Cash and cash equivalents at the end of the financial year	11	2,288,868	2,115,493

The above statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. General information

The financial statements cover Thred Limited as a Group consisting of Thred Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Thred Limited's functional and presentation currency.

Thred Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 26, 140 Saint Georges Terrace, Perth WA 6000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 August 2020.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

The Group has adopted AASB 16 Leases from 1 July 2019 retrospectively but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. AASB 16 replaces AASB 117 Leases along with three interpretations. Under the new standard, right of use assets are recognized along with the related lease liability in connection with all operating leases except for those identified as low-value or having a lease term of less than 12 months. There is no significant impact in the financial statements on the adoption of AASB 16.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Thred Limited
Notes to the financial statements
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Note 2. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Thred Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Thred Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Thred Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Note 2. Significant accounting policies (continued)

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Financial instruments

Financial assets are classified under AASB 9 into measurement classifications on the basis of two criteria which are the business model within which the financial asset is managed and the contractual cash flow characteristics of the financial asset.

The financial assets and liabilities of the Group are classified into the following financial statement captions in the statement of financial position as follows:

- Loans and receivables – separately disclosed as cash and cash equivalents, trade and other receivables and loans;
- Financial liabilities measured at amortised cost – separately disclosed as trade and other payables
- Investments – Investments are classified as Fair value through Other Comprehensive Income ('FVTOCI') as they are equity instruments not held for trading
- Share capital – separately disclosed as share capital

Judgement is required when determining the appropriate classification of the Group's financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial assets are no longer recognised in the statement of financial position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Impairment of financial asset

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Thred Limited
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Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on the principal geographical locations and regulatory environments - Hong Kong and Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

All intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

2020	Hong Kong \$	Australia \$	Total \$
Revenue			
Interest income	-	182,861	182,861
Other income	-	984,881	984,881
Total segment revenue	-	1,167,742	1,167,742
Intersegment eliminations			(133,626)
Total revenue			1,034,116
Segment net loss	(133,626)	588,686	455,060
Profit/(loss) before income tax expense	(133,626)	588,686	455,060
Income tax expense			-
Profit after income tax expense			455,060
Assets			
Segment assets	-	5,823,420	5,823,420
Intersegment eliminations			(3,477,859)
Total assets			2,345,561
Liabilities			
Segment liabilities	3,770,245	125,212	3,895,457
Intersegment eliminations			(3,770,245)
Total liabilities			125,212

Thred Limited
Notes to the financial statements
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Note 4. Operating segments (continued)

2019	Hong Kong \$	Australia \$	Total \$
Revenue			
Sales to external customers	-	5,453	5,453
Interest income	-	186,175	186,175
Total segment revenue	-	191,628	191,628
Intersegment eliminations			(139,102)
Total revenue			52,526
Segment loss			
Loss before income tax expense	(139,102)	(624,599)	(763,701)
Income tax expense			-
Loss after income tax expense			(763,701)
Loss on disposal of discontinued operation			(651,805)
Loss before income tax expense			(651,805)
Income tax expense			-
Loss after income tax expense			(651,805)
Assets			
Segment assets	-	5,518,582	5,518,582
Intersegment eliminations			(3,344,333)
Total assets			2,174,249
Liabilities			
Segment liabilities	3,537,146	262,512	3,799,658
Intersegment eliminations			(3,394,624)
Total liabilities			405,034

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	2020 \$	2019 \$
From continuing operations		
Sales revenue	-	5,453

Thred Limited
Notes to the financial statements
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Note 5. Revenue (continued)

Accounting policy for revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 6. Other income

	2020	2019
	\$	\$
Cash boost due to Covid-19	10,000	-
Research and development rebate	828,426	-
Reversal of accrued expenditure	146,455	-
Other income	984,881	-

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Note 7. Employment costs

	2020	2019
	\$	\$
Directors fees	164,930	169,438
Superannuation	4,165	7,371
PAYG withholding shortfall	-	42,673
	169,095	219,482

Thred Limited
Notes to the financial statements
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Note 8. Income tax

	2020 \$	2019 \$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax	-	-
Adjustment recognised for prior periods	-	-
Aggregate income tax expense	-	-
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	-	-
Increase in deferred tax liabilities	-	-
Deferred tax	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense from continuing operations	455,060	(763,701)
Loss before income tax expense from discontinued operations	-	(651,805)
	455,060	(1,415,506)
Tax at the statutory tax rate of 27.5%	125,142	(389,264)
Deferred tax asset not brought to account	(125,142)	389,264
Income tax expense	-	-

	2020 \$	2019 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	4,392,035	4,517,177
Provisions and accruals	13,869	36,676
Capital raising costs	275,995	275,995
Total deferred tax assets not recognised	4,681,899	4,829,848

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Thred Limited
Notes to the financial statements
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Note 8. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Discontinued operations

Description

On 25 March 2019 following the approval by shareholders at a general meeting the Company completed the sale of the Sweep Business to its subsidiary AR Technologies Pty Ltd ('ARTech'), with ARTech at the same time issuing shares to Project Savvy Pty Ltd ('Project Savvy'), a company formed by the ARTech's management team (including former director Ms Robyn Foyster and former company secretary Mr Damon Sweeny) for the purpose of investing in the Sweep Business, to give Project Savvy an 80% holding in ARTech. As a result, the Company lost control in ARTech and constitutes a discontinued operation. The consideration for the disposal was:

- ARTech will pay the Company \$700,000 (exclusive of GST) for the Sweep Business in quarterly payments; and
- The quarterly payments will comprise payments equal to 10% of quarterly trading revenues of the Sweep Business which have been received during the quarter (if any) payable within 5 business days of the end of each quarter, commencing with the March 2019 quarter.

Following the disposal, the Company retained a 18.9% holding in ARTech, for further information refer to note 23. During the year, the Company re-acquired the 81.1% holding in ARTech, refer to note 29 for further detail.

The details of the sale of subsidiary's assets and liabilities as at the date of sale (25 March 2019) were as follows:

Thred Limited
Notes to the financial statements
30 June 2020

Note 9. Discontinued operations (continued)

Financial performance information

	2019
	\$
Research and development expenses	(663,673)
Information technology costs	(51,966)
Occupancy costs	(36,704)
Public relations, marketing and advertising	(15,528)
Travel and accommodation	(16,337)
Other expenses	(2,072)
Employment costs	4,944
Total expenses	(781,336)
Loss before income tax expense	(781,336)
Income tax expense	-
Loss after income tax expense	(781,336)
Gain on disposal before income tax	129,531
Income tax expense	-
Gain on disposal after income tax expense	129,531
Loss after income tax expense from discontinued operations	(651,805)

Cash flow information

	2019
	\$
Net cash used in operating activities	(843,821)
Net cash used in investing activities	(6,210)
Net decrease in cash and cash equivalents from discontinued operations	(850,031)

Carrying amounts of assets and liabilities disposed

	2019
	\$
Cash and cash equivalents	8,109
Trade and other receivables	28,495
Other current assets	19,010
Plant and equipment	6,210
Total assets	61,824
Trade and other payables	67,495
Provisions	3,860
Other liabilities	120,000
Total liabilities	191,355
Net liabilities	(129,531)

Thred Limited
Notes to the financial statements
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Note 9. Discontinued operations (continued)

Details of the disposal

	2020	2019
	\$	\$
Consideration received or receivable (a)	-	-
Carrying amount of net liabilities disposed	-	129,531
Gain on disposal before income tax	-	129,531
Gain on disposal after income tax	-	129,531

Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 10. Earnings per share

	2020	2019
	\$	\$
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Profit/(loss) after income tax attributable to the owners of Thred Limited	455,060	(763,701)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,789,390,870	1,789,390,870
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,789,390,870	1,789,390,870
	Cents	Cents
Basic earnings per share	0.03	(0.04)
Diluted earnings per share	0.03	(0.04)
	2020	2019
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Thred Limited	-	(651,805)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,789,390,870	1,789,390,870
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,789,390,870	1,789,390,870

Thred Limited
Notes to the financial statements
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Note 10. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	-	(0.04)
Diluted earnings per share	-	(0.04)
	2020	2019
	\$	\$

Earnings per share for profit/(loss)

Profit/(loss) after income tax attributable to the owners of Thred Limited	455,060	(1,415,506)
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	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,789,390,870	1,789,390,870
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,789,390,870	1,789,390,870

	Cents	Cents
Basic earnings per share	0.03	(0.08)
Diluted earnings per share	0.03	(0.08)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Thred Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 11. Cash and cash equivalents

	2020	2019
	\$	\$
<i>Current assets</i>		
Cash at bank	288,868	115,493
Cash on deposit	2,000,000	2,000,000
	2,288,868	2,115,493
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	2,288,868	2,115,493
Balance as per statement of cash flows	2,288,868	2,115,493

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Notes to the financial statements
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Note 11. Cash and cash equivalents (continued)

Accounting policy for cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 12. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2020	2019
	\$	\$
Profit/(loss) after income tax expense for the year	455,060	(1,415,506)
Adjustments for:		
Interest revenue recognised as investing activities	(37,978)	(47,073)
Gain on disposal of subsidiary	-	(129,531)
Reversal of accrued expenditure	(146,455)	-
Write off of loans	126,312	-
Loss on asset acquisition	10,554	-
Provision for doubtful debt	5,998	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	34,878	211,939
Decrease in other current assets	(29,715)	(9,687)
Increase in trade and other payables	-	135,177
Decrease in other provisions	(133,204)	(9,177)
Increase in borrowings	(32,295)	-
Net cash from/(used in) operating activities	253,155	(1,263,858)

Note 13. Trade and other receivables

	2020	2019
	\$	\$
<i>Current assets</i>		
Trade receivables	9,145	5,999
Less: Allowance for expected credit losses	(5,998)	-
	3,147	5,999
Other receivables	6,864	6,864
Goods and services tax receivable	7,492	42,368
	17,503	55,231

Allowance for expected credit losses

The Group has recognised a loss of \$5,998 (2019: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

Thred Limited
Notes to the financial statements
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Note 13. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade receivables are recognised initially at the value of the invoice sent to the counterparty and are subsequently measured using a forward looking 'expected credit loss' (ECL) model. Trade receivables are usually settled within 60 days. Collectability of trade and other receivables are reviewed on an ongoing basis.

The Group has applied the general approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 14. Other assets

	2020 \$	2019 \$
<i>Current assets</i>		
Prepayments	32,940	3,525
Security deposits	6,250	-
	39,190	3,525

Note 15. Trade and other payables

	2020 \$	2019 \$
<i>Current liabilities</i>		
Trade payables	33,673	271,666
Accruals	62,680	79,969
Employment related payables	-	100,654
Other payables	-	(47,255)
	96,353	405,034

Refer to note 25 for further information on financial risk management.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Thred Limited
Notes to the financial statements
30 June 2020

Note 16. Borrowings

During the year, the Group has taken out a loan to finance the annual insurance premium cost. The loan is for 10 months and incurred 7.15% interest.

	2020 \$	2019 \$
<i>Current liabilities</i>		
Insurance premium funding loan	28,859	-

Refer to note 25 for further information on financial risk management.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Issued share capital	1,789,390,870	1,789,390,870	35,758,537	35,758,537

There is no movement in issued share capital during the year and in prior year.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Company.

Capital risk management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short-term commitments.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group in respect to its operations, software developments programmes, and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group were as follows:

	2020 \$	2019 \$
Cash and cash equivalents	2,288,868	2,115,493
Trade and other receivables	17,503	55,231
Other current assets	39,190	3,525
Trade and other payables	(96,353)	(405,034)
Borrowings	(28,859)	-
Working capital position	2,220,349	1,769,215

Thred Limited
Notes to the financial statements
30 June 2020

Note 17. Issued capital (continued)

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 18. Options

	Consolidated 2020 Reserves	Consolidated 2019 Reserves	Consolidated 2020 \$	Consolidated 2019 \$
Options on issue	-	49,500,000	-	842,251

Refer to note 20 for further details on movements during the year.

Option holders cannot participate in any new share issues by the Company without exercising their options.

Note 19. Reserves

	2020 \$	2019 \$
Foreign currency translation reserve	(81,672)	(77,746)
Option reserves	842,251	842,251
	760,579	764,505

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Option reserve

The option reserve records items recognised as expenses on the value of directors and employee equity issues.

Note 20. Share-based payments

During the year, no share-based payments has been made (2019: nil).

Thred Limited
Notes to the financial statements
30 June 2020

Note 20. Share-based payments (continued)

Set out below are summaries of options granted:

	Number of options 2020	Weighted average exercise price 2020	Number of options 2019	Weighted average exercise price 2019
Outstanding at the beginning of the financial year	49,500,000	\$0.0442	49,500,000	\$0.0442
Expired on 28 February 2020 (\$0.05)	(20,000,000)	\$0.0000	-	\$0.0000
Expired on 9 May 2020 (\$0.02)	(9,500,000)	\$0.0000	-	\$0.0000
Expired on 9 May 2020 (\$0.05)	(20,000,000)	\$0.0000	-	\$0.0000
Outstanding at the end of the financial year	-	\$0.0000	49,500,000	\$0.0000

The weighted average share price during the financial year was \$0.0442 (2019: \$0.0442).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0 years (2019: 0.77 years).

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Thred Limited
Notes to the financial statements
30 June 2020

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Profit/(loss) after income tax	309,912	(1,414,991)
Total comprehensive income	309,912	(1,414,991)

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	2,345,561	2,174,250
Total assets	2,345,561	2,174,250
Total current liabilities	123,912	262,513
Total liabilities	123,912	262,513
Equity		
Issued capital	52,552,356	52,552,356
Option reserves	842,251	842,251
Accumulated losses	(51,172,958)	(51,482,870)
Total equity	2,221,649	1,911,737

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Thred Limited
Notes to the financial statements
30 June 2020

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Legal subsidiaries	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Name			
ThredIt Limited	Hong Kong	100.0%	100.0%
Thred Innovations Limited	Hong Kong	80.0%	80.0%
AR Technologies Pty Ltd*	Australia	100.0%	18.9%

* During the year, the Company obtained control of ARTech, refer to note 29 for further detail.

Note 23. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
AR Technologies Pty Ltd	Australia	100.0%	18.9%

During the financial year, the Company obtained control of AR Technologies Pty Ltd and has therefore consolidated the entity in the Group for the year ended 30 June 2020. Refer to note 29 for further detail.

Thred Limited
Notes to the financial statements
30 June 2020

Note 23. Interests in associates (continued)

Summarised financial information for the previous financial year

	2019
	\$
<i>Summarised statement of financial position</i>	
Current assets	70,561
Non-current assets	695,805
Total assets	766,366
Current liabilities	80,473
Non-current liabilities	700,000
Total liabilities	780,473
Net liabilities	(14,107)
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Expenses	(181,514)
Loss before income tax	(181,514)
Other comprehensive income	-
Total comprehensive income	(181,514)

The Group's share in AR Technologies Pty Ltd's net liabilities as at 30 June 2020 is nil (2019: Net liabilities \$34,306). The Group's share of loss for the year ended 30 June 2020 is nil (2019: \$34,306 loss).

Due to its net liabilities position in the previous financial year, no value was recognised on the investment. The share of loss in associate was also not recognised as the value of investment was nil.

Note 24. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2020	2019
	\$	\$
Short-term employee benefits	164,930	166,874
Post-employment benefits	4,165	7,371
	169,095	174,245

Thred Limited
Notes to the financial statements
30 June 2020

Note 25. Financial risk management

The main risk the Group is exposed to through its financial instruments are market risk, credit risk and liquidity risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

Market risk

Foreign currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no material exposure to foreign exchange risk.

The following table illustrates sensitivities to the Group's exposures to fluctuation of foreign exchange rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Against HKD	10%	-	2,748	(10%)	-	(2,748)

2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Against HKD	10%	-	14,252	(10%)	-	14,252

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

Thred Limited
Notes to the financial statements
30 June 2020

Note 25. Financial risk management (continued)

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

2020	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	50	11,441	11,441	(50)	(11,441)	(11,441)

2019	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	50	10,574	10,574	(50)	(10,574)	(10,574)

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group has adopted a forward looking expected credit loss model. The Group uses the general approach to impairment, as applicable under AASB 9: Financial Instruments. Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group has a credit risk exposure with AR Technologies Pty Ltd (an associate), which as at 30 June 2020 owed the Group \$115,055. This loan was impaired during the year as management is uncertain the loan is recoverable.

Allowance for expected credit losses

The Group has recognised a loss of \$5,998 (2019: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Thred Limited
Notes to the financial statements
30 June 2020

Note 25. Financial risk management (continued)

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	96,353	-	-	-	96,353
<i>Interest-bearing - fixed rate</i>						
Bank loans	-	28,859	-	-	-	28,859
Total non-derivatives		125,212	-	-	-	125,212

2019	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	405,034	-	-	-	405,034
Total non-derivatives		405,034	-	-	-	405,034

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Fair value measurement

Accounting policy for fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Thred Limited
Notes to the financial statements
30 June 2020

Note 26. Fair value measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurable date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

Cash and cash equivalents, trade and other receivables and trade and other payables have been excluded from the above analysis as their fair values are equal to the carrying values due to its nature.

Note 27. Related party transactions

Parent entity

Thred Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Associates

Interests in associates are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the Directors' report.

Thred Limited
Notes to the financial statements
30 June 2020

Note 27. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2020	2019
	\$	\$
Other transactions:		
Rent paid to Pathway Corporate Pty Ltd (1)	23,000	-
Chairman fees paid to Pathway Corporate Pty Ltd (1)	84,000	93,000
Director fees paid to Pathway Corporate Pty Ltd (1)	36,000	33,000
Company secretarial fee paid to Pathway Corporate Pty Ltd (1)	36,000	21,000

(1) Pathway Corporate Pty Ltd is a company of which Mr David Wheeler and Mr Joe Graziano are directors, charged the Company, rent, company secretarial fee and director fee. No balance was outstanding as at 30 June 2020 (2019: nil).

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

During the year, the Company has provided a loan to its associate, AR Technologies Pty Ltd of \$126,312 including interest of \$11,257 on the loan. The balance of \$126,312 was outstanding as at 30 June 2020 but has been impaired as management is uncertain on its recoverability.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Bentleys, the auditor of the Company:

	2020	2019
	\$	\$
<i>Audit services - Bentleys</i>		
Audit or review of the financial statements	37,200	38,093

Note 29. Asset Acquisition - AR Technologies Pty Ltd

During the year, the Company acquired 100% former subsidiary AR Technologies Pty Ltd ('ARTech') for \$1 in consideration. The Company had disposed of 81.1% of its interest in ARTech in March 2019 for \$700,000 payable in quarterly installments. The Company entered into a loan facility with ARTech for \$105,000 at 10% interest per annum and advanced a further \$10,000 under the facility. The consideration and loan facility had been fully provided for in the previous financial year.

As at 9 June 2020, the Company had not received any payment for the sale of its 81.1% or any repayments under the loan facility. As such, it was agreed that the Company could reacquire the 81.1% interest for \$1 in consideration in satisfaction of the outstanding liabilities.

Thred Limited
Notes to the financial statements
30 June 2020

Note 29. Asset Acquisition - AR Technologies Pty Ltd (continued)

It is considered that the acquisition of ARTech is not a business combination, but rather an acquisition of assets given the dormant status of ARTech.

The fair value of the identifiable assets and liabilities of the entities as at the date of acquisition are as follows:

	2020
	\$
Purchase consideration comprises:	
Cash	1
Total consideration	1
Net liabilities acquired:	-
Cash and cash equivalents	733
Trade and other receivables	3,235
Security deposit	6,250
Trade and other payables	(20,772)
Fair value of net liabilities acquired	(10,554)

Note 30. Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (2019: Nil).

Note 31. Commitments

The Group has no material commitments as at 30 June 2020 (2019: nil).

Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Thred Limited
Directors' declaration
30 June 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Wheeler
Chairman

28 August 2020

Independent Auditor's Report

To the Members of Thred Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Thred Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report

To the Members of Thred Limited (Continued)



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of Research & Development Tax Incentive</p> <p>(Refer to note 6)</p> <p>Under the Research and Development ("R&D") tax incentive scheme, the Consolidated Entity receives a 43.5% refundable tax offset of eligible expenditure. An R&D submission was filed with AusIndustry and the incentive was received in full during the year. .</p> <p>This area is a key audit matter due to the inherent subjectivity that is involved in the Consolidated Entity making judgements in relation to estimation and recognition of the R&D tax incentive income.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">▶ obtaining an understanding of the objectives and activities in the R&D program;▶ reviewing the lodgement documents and related working papers utilised by the expert engaged by the Consolidated Entity;▶ assessing the capabilities of the expert engaged by the Consolidated Entity;▶ comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; and▶ assessing the adequacy of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Members of Thred Limited (Continued)



Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

Independent Auditor's Report

To the Members of Thred Limited (Continued)



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Thred Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 28th day of August 2020

Thred Limited
Corporate Governance Statement
30 June 2020

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at www.thred.im under the section marked "For Investors" under the heading "Overview".

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1 A listed entity should have and disclose a charter which:</p> <p>(a) sets out the respective roles and responsibilities of the board, the chair and management; and</p> <p>(b) includes a description of those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.</p> <p>The responsibilities of the Board include but are not limited to:</p> <p>(a) setting and reviewing strategic direction and planning;</p> <p>(b) reviewing financial and operational performance;</p> <p>(c) identifying principal risks and reviewing risk management strategies; and</p> <p>(d) considering and reviewing significant capital investments and material transactions.</p> <p>In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>The Board carefully considers the character, experience, education and skillset, as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of the candidate, prior to their election. The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company has a written agreement with each of the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).</p>
<p>Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	YES	<p>The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.</p> <p>In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.</p>

Thred Limited
Corporate Governance Statement
30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	<p>NO (not followed in full)</p>	<p>The Company is committed to creating a diverse working environment and promoting a culture which embraces diversity and has adopted a written policy. Given the size of the Company and scale of its operations, however, the Board is of the view that the setting measurable objectives for achieving gender diversity is not required at this time. Further as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.</p>
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>NO</p>	<p>Whilst the Company has a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life as a public listed technology company, the assessment of the directors' and executives' overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>NO</p>	<p>Refer above.</p>
<p>Principle 2: Structure the board to add value</p>		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>YES</p>	<p>A Nomination Committee operated during FY18. The Committee was comprised of 3 Independent Non-Executive Directors.</p> <p>The charter of the Committee is disclosed in the Corporate Governance Policies on the Company's website.</p> <p>The full board now perform the duties of the Committee.</p> <p>Attendance is reported in the annual report.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>NO (not followed in full)</p>	<p>The details of the skill set of the current Board members are set out in the description of each Director in the Annual Report. The Board believes that the current skill mix is appropriate given the Company's size and the stage of the entity's life as a publicly listed technology company.</p>

Thred Limited
Corporate Governance Statement
30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director</p>	YES	<p>Mr Sol Majteles has been an Independent Non-Executive Director of the Company since 18 January 2008 (apart from the period from April 2015 when Promesa engaged Lavan Legal (in which Mr Majteles is a salaried partner) to provide material professional services to the Company, with payment delayed until settlement of the RTO of Thredit in June 2016.</p> <p>Mr Joe Graziano has been an Independent Non-Executive Director of the Company since being appointed on 1 August 2018.</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	YES	<p>The Board comprises three Directors of whom two are considered to be an Independent Director. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience adds considerable value to the Company.</p>
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>Mr David Wheeler (Chair) was an Independent Non-Executive Director of the Company from his appointment on 30 August 2017 until taking on a more executive role in May 2018. Mr Wheeler is considered to be the most appropriate person to Chair the Board because of his public company experience.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	NO	<p>The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed technology company, the Board has not put in place a formal program for inducting new directors. However, it does provide a package of background information on commencement and provides ready interaction with the Company's personnel to gain a stronger understanding of the business. Similarly, the Company does not at this stage provide professional development opportunities for Directors. More formal processes for both of these areas will be considered in the future as the Company develops.</p>
<p>Principle 3: Act ethically and responsibly</p>		
<p>Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p>	YES	<p>The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website. The Code applies to all Directors, employees, contractors and officers of the Company.</p>
<p>Principle 4: Safeguard integrity in financial reporting</p>		
<p>Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	YES	<p>Thred was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee although it is included in the ASX Recommendations. The Board has not established an audit committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible. The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.</p>

Thred Limited
Corporate Governance Statement
30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>In accordance with ASX Recommendation 4.2 the Chief Executive Officer (or their equivalent) and Chief Financial Officer (or their equivalent) are required to provide assurances that the written declarations under s295A of the Corporations Act (and for the purposes of ASX Recommendation 4.2) are founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide such assurances at the time the s295A declarations are provided to the Board.</p>
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's external audit function is performed by Bentleys Audit and Corporate (Bentleys). Representatives of Bentleys will attend the Annual General Meeting and be available to answer shareholder questions regarding the audit.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<p>Recommendation 5.1 A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	YES	<p>The Company operates under the continuous disclosure requirements of the ASX Listing Rules and has adopted a policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.</p> <p>The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments.</p>
<p>Principle 6: Respect the rights of security holders</p>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>The Company keeps investors informed of its corporate governance, financial performance and prospects via its website – www.thred.im. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statement, and investor presentations via the 'For Investors' section and can access general information regarding the Company and the structure of its business in its 'Overview' section.</p>

Thred Limited
Corporate Governance Statement
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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p>	<p>The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:</p> <ul style="list-style-type: none"> • the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001; • the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it; • notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders; • notices of all meetings of shareholders; • publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.thred.im; and • disclosure of the Corporate Governance practices and communications strategy on the entity's website. <p>While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact for Shareholders to make their enquiries.</p>
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>YES</p>	<p>The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.</p>
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>YES</p>	<p>The Company provides its investors the option to receive communications from and send communications to, the Company and the share registry electronically.</p>
<p>Principle 7: Recognise and manage risk</p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>YES</p>	<p>Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework. The Board has adopted a Risk Management Policy, which is disclosed on the Company's website.</p>

Thred Limited
Corporate Governance Statement
30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>The Board recognises that there are inherent risks associated with the Company's operations including commercial, technological legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board. The Board reviews the risk profile of the Company and monitors risk informally throughout the year.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>The Company does not have an internal audit function. This is the case due to the size of the Company and the stage of life of the entity. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.</p>
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>As already outlined above in relation to various ASX Recommendations, the Company constantly monitors and reviews the key risks that affect the Company and the management of those risks. The risks which the Company has identified that it has a material exposure to are its ability to raise funds within an acceptable time frame and on terms acceptable to it ("Capital Risk"); and that its existing projects, or any other projects that it may acquire in the future, will be able to be economically exploited ("Economic Risk"). The manner in which the Company manages those risks, in the case of Capital Risk, to monitor the market and investment appetite and to raise further required capital in a timely manner such that the Company's operations are adequately funded; in the case of Economic Risk, to adopt a diversified portfolio approach and to also adopt a focused approach, seeking to lay off risk where possible. More information about the Company's management of risk can be found in the prospectus released 12 December 2016.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<p>A Nomination Committee operated during FY18. The Committee was comprised of 3 Independent Non-Executive Directors.</p> <p>The charter of the Committee is disclosed in the Corporate Governance Policies on the Company's website.</p> <p>The full board now perform the duties of the Committee.</p> <p>Attendance is reported in the annual report.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>Details of the Company's policies on remuneration are set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.</p>

Thred Limited
Corporate Governance Statement
30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>N/A</p>	<p>The Company's Security Trading Policy includes a statement prohibiting directors, officers and employees from dealing at any time in financial products such as warrants, futures or other financial products issued over THD markets, but does not specifically prohibit entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of their security holding in the Company or of participating in unvested entitlements under any equity based remuneration schemes.</p> <p><u>Security Trading Policy</u></p> <p>In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:</p> <ul style="list-style-type: none"> a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities; b) trading in the Company's securities which is not subject to the Company's trading policy; and c) the procedures for obtaining written clearance for trading in exceptional circumstances. <p>The Company's Security Trading Policy is available on the Company's website.</p>

Thred Limited
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 27 August 2020

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Total Holders	Number of holders of ordinary shares
1 to 1,000	36	8,375
1,001 to 5,000	11	31,399
5,001 to 10,000	13	89,266
10,001 to 100,000	199	10,933,784
100,001 and over	810	1,778,328,026
	1,069	1,789,390,870
Holding less than a marketable parcel	1,069	1,789,390,870

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
Celtic Capital Pty Ltd < The Celtic Capital A/C >	169,000,000	9.44
Mr Gavin Jeremy Dunhill	87,000,000	4.86
Mr Nathan Ryan Wagner	79,813,001	4.46
Mr Ananda Kathiravelu	68,403,383	3.82
Jdk Nominees Pty Ltd < Kenny Capital A/C >	50,500,000	2.82
Jamber Investments Pty Ltd < The Amber Schwarz Fam A/C >	50,000,000	2.79
Samisa Pty Ltd < Samisa Family A/C >	36,925,302	2.06
Mr Kobi Ben Shabath	30,583,334	1.71
Mr Jonathon Barry Miller	28,710,516	1.60
Sarodan Pty Ltd < Sarodan Family A/C >	22,621,936	1.26
Global Megacorp Pty Ltd	22,254,470	1.24
Gotha Street Capital Pty Ltd < Blue Sky No 2 A/C >	22,250,000	1.24
Mr Michael Horgan Cerbara	21,210,000	1.19
Rimoyne Pty Ltd	20,379,186	1.14
Sandton Capital Pty Ltd	19,000,000	1.06
Monarch Asset Management P/L < Price Super >	18,000,000	1.01
Cowoso Capital Pty Ltd < The Cowoso Super Fund A/C >	16,750,000	0.94
Mr Robert Lee Cunningham	15,000,000	0.84
Pathways Capital Pty Ltd < Wheeler Super Fund A/C >	15,000,000	0.84
Mr Keith Stuart Liddell + Mrs Shelagh Jane Liddell	14,300,001	0.80
	807,701,129	45.14

Unquoted equity securities

There are no unquoted equity securities. All unlisted options has expired.

Thred Limited
Shareholder information
30 June 2020

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mr Jason Peterson	169,000,000	9.44

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Number of shares
Fully paid ordinary shares	10,000,000