



Sydney, Australia and Columbus, OH, USA
25 February 2022: Design Milk Co. Limited (ASX: DMC)

Design Milk Co. 1H FY22 Business Update

1H FY22 Highlights

Revenue growth and quality

- Group gross revenue¹ up 23% on same period LY to A\$2.2m
- Design Milk eCommerce revenue¹ up 17% vs. LY to A\$1.1m
- Design Milk now generates over 80% of total eCommerce revenue
- Advertising revenue up 125% vs. LY to A\$1.0m

Audience engagement

- 9.5 million social media followers, up 500k on LY
- New team dedicated toward production of shop friendly content and developing new social media channels
- Released our first TikTok shop-friendly videos in Q2 FY22, expanding our audience reach

eCommerce platform improvement

- Executed new platform updates in Q1 FY22, including a new transaction management platform, a customer facing delivery-tracking service and several data analysis tools
- Completed Design Milk website refresh and associated mobile, product search, site navigation and SEO improvements

CEO Update

“The last half of 2021 was ever-changing: COVID-19 restrictions, negative supply chain news pushing customers to shop early, inflation pressures and an obvious desire to reconnect with family & friends and visit stores vs. shopping online. All of these and more impacted the broader retail environment.

I am very pleased with how we closed Q1. We built a more robust platform and operating structure vs. LY and ended the quarter with very positive sales results, close to breakeven for the first time ever.

Q2 was slower than anticipated due to the above challenges. Additionally, many of our top vendors had their own inventory and supply chain issues, resulting in us cancelling orders throughout the holiday season.

Although our gross order volume declined, the quality of our delivered sales significantly improved vs. LY thanks to Q1's operational upgrades. These included a website refresh, product search and navigational upgrades, and improved vendor management and customer service systems.

Despite the headwinds, we developed several great marketing, merchandising, editorial and CX initiatives to maximise our competitiveness. Our team were well prepared, partnering with vendors on promotions to protect margins, improved our customer service and communications procedures, continued to produce high quality content and developed new formats of shop-friendly video content.

¹ Represents gross sales revenue pre commission from sale of goods



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Moving into Q3 with a robust operating structure and systems lets us focus on the next priority areas, namely, PR and Operating Costs. Simultaneously building awareness of Design Milk beyond our large community of 9.5 million followers whilst ensuring our cost structure remains as efficient as possible.

Supporting these goals, we unplugged the AHAlife systems in December, welcomed new commercial marketing and editorial talent to the team and adjusted our management structure. As part of these changes, I am pleased to announce that Jaime Derringer will shift away from day-to-day operations and assume a non-executive Board position from March 1st, 2022. I am a big fan of Jaime, we've worked closely since acquiring Design Milk, developing the platform and numerous successful initiatives and I am pleased to continue working with her and the Board on the many Design Milk opportunities we have.

In 2021, the retail environment shifted. Customers now demand high quality online service, product curation and brand values, digital DTC brands are navigating physical wholesale, and bricks + mortar brands are looking for brand-building content-led digital distribution. We are perfectly positioned to capitalise on these industry shifts, with our huge engaged audience, mission driven values, curated lifestyle presentation, and our 15+ years of high quality, respected editorial content that drives our content-leads-commerce strategy.

I am confident we have all the right ingredients to deliver an exciting, connected, relevant and diversified business. I thank you again for your support and interest in Design Milk Co."

Robert Mancini, CEO Design Milk Co.

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Authorised for release by the Chairman of the Board.

About Design Milk

Design Milk Co. owns and operates eCommerce websites that support independent brands and designers from around the world:

- Design Milk, a world-renowned, award-winning digital media, blog and eCommerce company that has thrived through the support of an engaged community of over 9 million followers
- Kaufmann Mercantile, a blog and eCommerce website dedicated to independent craftsman and brands focused on sustainable manufacturing and product lifecycle.

For more information regarding Design Milk Co. Limited (ASX:DMC), please visit www.design-milk.com, or contact

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