



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

FY22 Full Year Results and Update on Corporate Strategy and Capital Raising

FY22 in Review

- Design Milk reported US\$1.5m revenue for FY22, up 10.8% on FY21
 - FY22 eCommerce revenue of US\$0.4m, down 16.0% on FY21
 - FY22 advertising revenue of US\$1.1m, up 25.8% on FY21
- 9.5m+ Design Milk social media followers continue to grow, supporting high quality design editorials being consumed
- FY22 operating losses of US\$1.5m, excluding impairment expenses of US\$1.2m

Corporate Strategy Update

- Given the challenging retail trading conditions and significant capital requirements for growing the eCommerce segment of the business, the Board has decided to reposition Design Milk to an advertising revenue only model and shut down the eCommerce operations
- The business model transition is aimed at improving the company's cashflows and positioning it for a more sustainable growth path going forward

Capital Raising

- In order to provide sufficient funding for the business model transition, Design Milk is in discussions to raise \$400,000 by way of a proposed issue of convertible notes, with the following expected key terms:
 - Tranche 1 of \$200,000, to be provided by Bombora Investment Management in replacement of a short-term bridging loan to Design Milk on 19 August 2022
 - Tranche 2 of \$200,000, to be provided by Bombora and other investors, with the ability to accept oversubscriptions at the Company's discretion
 - Maturity date: 3 years
 - Conversion price: \$0.07 per ordinary share
 - Interest rate: 12% p.a., accrued monthly on the face value from the date of issue
 - Free attaching options: 1 for 2 options with \$0.15 strike price and 31 October 2027 expiry date, attached to each share issued from convertible note conversion
- The above terms are indicative based on current discussions and remain subject to the Company finalising discussions with investors and execution of binding subscription documentation. The issue of the convertible notes is expected to be subject to shareholder approval at the upcoming AGM to be scheduled. Further details regarding the proposed capital raising will be released by the Company in due course

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Trade Sale and Strategic Partnership Opportunities

- Design Milk continues to progress strategic discussions with a number of parties in relation to the company and its assets

DMC will remain in voluntary trading suspension whilst these capital raising and strategic opportunity discussions continue, and if the Board considers necessary, until any requisite shareholder approvals are obtained at the upcoming AGM. DMC expects to provide a further update on the status of these discussions, including with regards to the finalisation of relevant funding arrangements regarding the capital raise and the proposed date for the AGM by 12 September 2022.

DMC confirms that this announcement has been approved by the Board of Directors of DMC.

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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