Announcement Summary

**Entity name**
DESIGN MILK CO LIMITED

**Announcement Type**
New announcement

**Date of this announcement**
31/10/2022

**The Proposed issue is:**
♂ A placement or other type of issue

**Total number of +securities proposed to be issued for a placement or other type of issue**

<table>
<thead>
<tr>
<th>ASX security code</th>
<th>Security description</th>
<th>Maximum Number of securities to be issued</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New class-code to be confirmed</td>
<td>5,328</td>
</tr>
<tr>
<td></td>
<td>Convertible Notes 12% coupon rate, 36 months term, convertible between $0.05 and $0.07</td>
<td></td>
</tr>
</tbody>
</table>

**Proposed issue date**
1/12/2022

Refer to next page for full details of the announcement
Proposed issue of securities

Part 1 - Entity and announcement details

1.1 Name of Entity
DESIGN MILK CO LIMITED

We (the entity named above) give ASX the following information about a proposed issue of securities and, if ASX agrees to quote any of the securities (including any rights) on a deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

If the securities are being offered under a disclosure document or PDS and are intended to be quoted on ASX, we also apply for quotation of all of the securities that may be issued under the disclosure document or PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of securities issued under the disclosure document or PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type          Registration Number
ABN                              15006908701

1.3 ASX issuer code
DMC

1.4 The announcement is
☑ New announcement

1.5 Date of this announcement
31/10/2022

1.6 The Proposed issue is:
☑ A placement or other type of issue
Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis?
✓ Yes

<table>
<thead>
<tr>
<th>Approval/Condition</th>
<th>Date for determination</th>
<th>Is the date estimated or actual?</th>
<th>** Approval received/condition met?</th>
</tr>
</thead>
<tbody>
<tr>
<td>+Security holder approval</td>
<td>30/11/2022</td>
<td>Actual</td>
<td>No</td>
</tr>
</tbody>
</table>

Comments

5,328 convertible notes are proposed to be issued (all subject to shareholder approval). Convertible notes principal and accrued interest will convert into fully paid ordinary shares at the conversion price plus 1 free attaching option for every 2 conversion shares issued (with 15 cents exercise price). If all 5,328 Convertible Notes are issued and subsequently converted, plus all attaching options exercised, it is expected that a maximum of 21,738,240 Shares will be issued (assuming the lowest conversion price of 5 cents). Subject to shareholder approval, 860 of the Convertible Notes are proposed to be issued under ASX Listing Rule 10.11 with the balance 4,468 Convertible Notes to be issued under ASX Listing Rule 7.1.

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?
✓ New class

Will the proposed issue of this +security include an offer of attaching +securities?
✓ Yes

Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?
✓ Yes

Will the entity be seeking quotation of the ‘new’ class of +securities on ASX?
✓ No
Proposed issue of securities

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+Security type
Convertible debt securities

Number of securities proposed to be issued
5,328

Offer price details

Are the securities proposed to be issued being issued for a cash consideration?
☑ Yes

In what currency is the cash consideration being paid?
AUD - Australian Dollar

What is the issue price per security?
AUD 100.00000

Will all the securities issued in this class rank equally in all respects from their issue date?
☑ Yes

Convertible debt securities details

These securities are:
Convertible

Security currency
AUD - Australian Dollar

Type of security
Convertible note or bond

Face value
AUD 532,800.0000

Interest rate type
Fixed rate

Frequency of coupon/interest payments per year
Monthly

First interest payment date
1/1/2023

Interest rate per annum
12.00000 %

Is the interest rate per annum estimated at this time?
☑ No

s128F of the Income Tax Assessment
Act status applicable to the security
Not applicable
## Proposed issue of securities

<table>
<thead>
<tr>
<th>Is the +security perpetual (ie. no maturity date)?</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ No</td>
<td>1/12/2025</td>
</tr>
</tbody>
</table>

Select other features applicable to the +security
- ☑ None of the above

Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?
- ☑ No

Details of the type of +security that will be issued if the securities are converted, transformed or exchanged
- Other

**Description**

DMC: ORDINARY FULLY PAID PLUS UNLISTED OPTIONS

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Refer to capital raise announcement and AGM notice of meeting, both released on 31 October 2022

### Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?

<table>
<thead>
<tr>
<th>Part 7C - Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td>7C.1 Proposed +issue date</td>
</tr>
<tr>
<td>1/12/2022</td>
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</table>

### Part 7D - Listing Rule requirements

| 7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1? |
| Yes |

| 7D.1a Date of meeting or proposed meeting to approve the issue under listing rule 7.1 |
| 30/11/2022 |
7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?  
☐ Yes

7D.3 Will any of the securities to be issued be restricted securities for the purposes of the listing rules?  
☐ No

7D.4 Will any of the securities to be issued be subject to voluntary escrow?  
☐ No

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?  
☐ No

7E.2 Is the proposed issue to be underwritten?  
☐ No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

To be used by the Company for working capital purposes and supporting the business model transition to be an advertising revenue only model and to repay short term bridging loan.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?  
☐ No

7F.2 Any other information the entity wishes to provide about the proposed issue

The Company is entitled to refuse to convert a convertible note if the conversion would result in a holder breaching of Chapter 6 of the Corporations Act.