



@Graypants

Trading Update

December 2020

Sydney, Australia and Columbus, OH, USA
 24th December 2020: Design Milk Co. Limited (ASX: DMC)

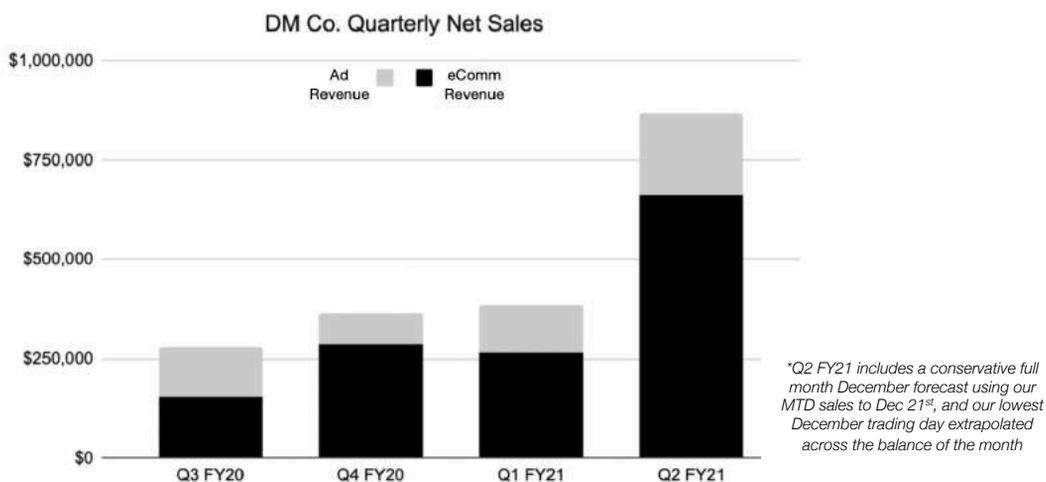
Trading update and Capital Raise

Highlights

- Changed parent company name, recognizing the value + potential of the Design Milk brand
- Strong November sales closed +87% vs. October, our previous #1 sales month
- Black Friday sales +800% vs. LY, with BF weekend conversion at 1.74%, +186% vs. 2019
- Advertising sales bouncing back. Combined November + December bookings +41% vs. LY
- December trending toward US\$350k+ sales, and breakeven for the first time
- Capital raise closing end-December 2020, and a share consolidation in Q3 FY21

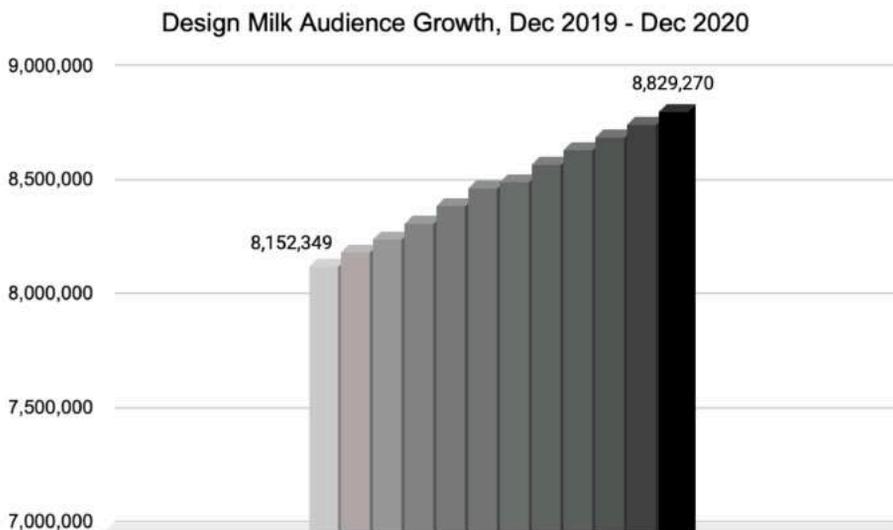
Having spent 2020 building the foundation of the business, and preparing for an unpredictable holiday season, the Board and Management are very pleased with our Q3 growth and potential profitability in December. Breaking even is a huge achievement, reflecting the team’s hard work, the strength of the Design Milk brand, and the operational efficiencies introduced when we reset the business in 2019.

We saw substantial growth in both monthly sales and audience size in 2020, with strong quarterly improvement as we expanded our vendor base, connected more editorial content with our shops, and triggered more marketing activities. Advertising revenue slowed in Q3 and Q4 FY20, and we anticipated Q1 FY21 ecommerce sales whilst avoiding unhealthy, discounted sales prevalent at the time. Positively Q1 achieved +110% vs. LY, with Q2 FY21 sales forecast to close +268% vs. LY.



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Our audience has grown consistently since March 2019 when the aggregate audience was approximately 7.2 million. In the past 12 months our Design Milk community has grown approx. +8.3% to over 8.8 million.

Since launching ecommerce on Design Milk we've focused on continuing to share high quality, authentic, and original content, delivered wherever our community wants to engage, including our new DMTV channel on Instagram, our refreshed Pinterest boards, and our new email programs.

Looking forward, we will build on the basic structure developed TY, amplify our editorial content and marketing efforts, focus on quality sales, expand our vendor base and grow advertising revenue through sponsored DMTV series, and other new channels.

Having rebuilt the business and turned a major corner toward sustained profitability we are proceeding with a capital raise this month, and a share consolidation within Q3.

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“I am very happy with Q2’s performance so far. The business is growing efficiently in this unpredictable and challenging environment.

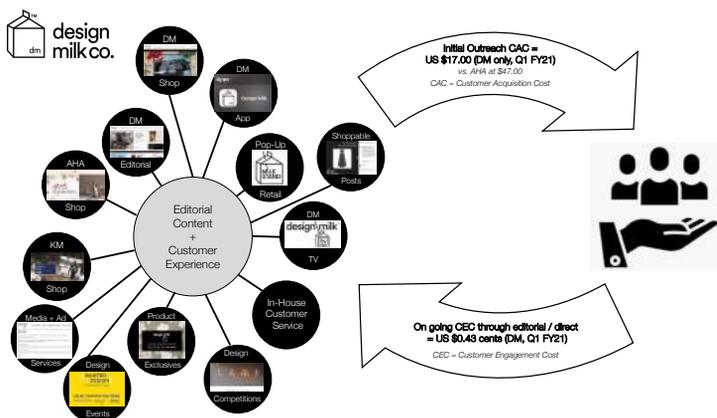
November and December rewarded us with positive results, key learnings and operational takeaways. Thanks to the team’s hard work, we are on course to achieve profitability for the first time. The importance and value of this cannot be overstated.

We have a substantial ecommerce and advertising sales growth opportunity ahead. In 2020 we established the basic operational framework and vendor base, and began connecting our audience with editorial content, ecommerce, and media services.

As we expand and exercise these areas more the business will continue to grow. Moving forward our customer first approach is essential to growing in a healthy, qualitative manner.

Today’s CAC investment is already much lower than LY, but our numerous customer touchpoints offer ways to reconnect at a fraction of our CAC. Provided we deliver a best-in-class customer experience, wrapped in high quality content, events and services, the CEC efficiency will deliver growth and healthy margins go-forward.

Q1 CAC vs. CEC:



We have all the ingredients we need, and I am very excited about what we can accomplish in 2021. Thanks again to the Board, our great Team and our partners”.

Robert Mancini, CEO.



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For further inquiries regarding About Design Milk Co. Limited (ASX: DMC) please contact:

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Design Milk Co. (formally AHL) owns and operates multiple e-Commerce websites that support independent brands and designers from around the world:

Design Milk, a world-renowned, award-winning digital media company that has thrived through the support of an engaged community of over 8.6 million followers.

Ahalife, a premium eCommerce website and blog supporting designers and brands who produce female, urban, lifestyle products.

Kaufmann Mercantile, a blog and eCommerce website dedicated to independent craftsman and brands focused on sustainable manufacturing and product lifecycle.

For more information, please contact Design Milk Co. Investor Relations.