



Sydney, Australia and Columbus, OH, USA
20 April 2023: Design Milk Co Limited (ASX: DMC)

DMC reaches agreement to sell its online business

Design Milk Co. Limited (ASX:DMC) (**DMC** or **Company**) is pleased to announce that its wholly owned subsidiary has executed a conditional agreement to sell all the assets required to operate the Company's existing online business to Design Milk Holdings, LLC, a Delaware limited liability company, for US\$350,000 (**Proposed Sale**). Despite the similarity in the name, the purchaser is a newly incorporated company not a related entity of the Company.

Whilst the Company has continued to build traction in its existing online business, the Board believes that further investment is required to continue to build the vendor base, customer growth and conversion and expand the existing online business as it continues to move towards cashflow breakeven. However, given the challenges in the current economic and funding environment, the Company does not see such a continued deployment of capital providing a commensurate return on its investment, and on balance, considers that an opportunity to sell its existing online business is a better alternative for the Company and its Shareholders.

The Proposed Sale would encompass all assets that pertain to the Company's ownership and operation of all of its eCommerce websites that support independent brands and designers from around the world.

Material terms of the Proposed Sale are set out in Annexure A to this announcement.

ASX has confirmed that the Proposed Sale will trigger ASX Listing Rule 11.2 and accordingly, completion will be subject to Shareholders of the Company approving the Proposed Sale. In order to affect this, the Company will be finalising and dispatching a notice of meeting seeking shareholder approval for the Proposed Sale shortly.

If Shareholders approve the Proposed Sale and it subsequently completes, the Company intends to use the funds from the sale to explore other opportunities and for general working capital. To this end, the Company is pleased to advise that it is in advanced discussions with a high growth technology company for a potential acquisition of that business. Whilst these discussions remain incomplete at this stage, they are well advanced, and the Board hopes to make a definitive announcement in relation to this potential acquisition in the near future.

This announcement has been authorised for release by the Board.



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Annexure A – Material terms of the Proposed Sale

Assets subject of the sale	Contracts, customer lists, intellectual property, licenses, business records, business name registrations, registered domain names and social media handles, and rights and goodwill associated with the assets pertaining to the existing online business
Consideration	US\$350,000
Conditions precedent	Completion of the sale is subject to satisfaction of the following conditions precedent: (i) the Company receiving the approval of its Shareholders (ASX Condition); (ii) the parties' respective representations and warranties set out in the agreement remaining true and correct at completion (iii) the parties having not materially breached of any of their material obligations under the agreement; and (iv) the parties delivering all documents as required under the agreement.
Completion	The parties have agreed that completion of the sale and purchase in accordance with the terms of the agreement shall take place on the date that is within five (5) business days of the date on which the ASX Condition is satisfied.
Warranties	The agreement includes customary warranties given by the parties for a transaction of this type.

-ENDS-

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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