



design
milk co.



FY21
Investor Update



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Sydney, Australia and Columbus, OH, USA
27th August 2021: Design Milk Co. Limited (ASX: **DMC**)

Chairperson Update

Dear Shareholder,

On behalf of the Board of Directors of Design Milk Co. I am pleased to present the FY2021 Annual Report.

Since launching e-Commerce on Design Milk in November 2019, we have seen strong growth across all metrics. In FY21 our audience grew to over 9.4 Million aggregate followers, we now support over 500 vendors, we remained agile and creative throughout the Covid-19 challenges, and much more. The results speak for themselves; total group business grew +82% vs. LY, with e-Commerce revenue jumping +114%, and our Advertising business recovered from a -53% Q1 Covid-drop to close +44% vs. last year. Design Milk grew +115% overall, and its e-Commerce increased an impressive +245% vs. FY20.

Over the holidays, and at the end of this financial year we came close to breakeven. Adding to these two positive periods, our unaudited results for July show we have again come very close to this milestone with our strongest monthly performance to date. As we grow and expand, seeing our results consistently flow through the business is a big win, and confirmation our **Content-leads-Commerce** strategy is gaining traction.

Our CEO, Rob Mancini and his team have done a stellar job of expanding a newly launched business and developing new initiatives, whilst continuing to generate high-quality engaging content that drives the business forward. In FY21 we concentrated our efforts on Design Milk, the brand grew to represent over 80% of our total revenue. Reflecting this, and its future potential, we reengineered our corporate structure in Q2/Q3, changing our ASX listing to Design Milk Co (ASX : DMC) in January, followed by a successful AUD \$2.7 Million capital raise and 50:1 share consolidation in February.

Having reengineered the business, built the basic foundations and carefully curated each website we focused on healthy, sustainable growth in FY21. Our conversion rates grew over the year, and we still have a lot of positive upside before reaching industry-standard levels. Our EBITDA increased significantly, improving AUD \$1.2 Million vs. FY20.

Strong e-Commerce and Advertising sales growth, a valued and increasing audience, an improving EBITDA, a great team, a solid cash position, and lots of untapped opportunities reassures the Board and Management that our business is in great shape and well set-up for success. The Board and I are very pleased with our FY21 performance and remain excited about our future growth opportunities.

Thank you for your continued support and thanks to the Board, Rob and his team for their continuing energy and efforts.

Mike Hill
Board Chairperson
Design Milk Co.



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CEO Update

Dear Shareholder,

Wow, what a year. We had barely reengineered the business and launched e-Commerce on Design Milk before Covid-19 changed all our lives. To be here now during these difficult times, sharing that our unaudited July results are the best the business has ever achieved is a huge privilege. I continue to be grateful for and impressed with our team's creativeness and energy. These results would not happen without their efforts.

We introduced e-Commerce to our Design Milk community approx. 20 months ago. We built the website and operational foundations, established commercial relationships with 500 vendors, and carefully introduced our **Content-leads-Commerce** strategy. As we grow, we remain thoughtful about how we discover, test and authenticate the brands we support, and how we develop and balance our content + shop communications.

In FY21 we launched additional product categories, introduced new marketing + communication initiatives, diversified our revenue streams and created a road map for future growth. We are in the process of upgrading multiple systems and introducing several website enhancements, including additional resources + customer support procedures. All focused toward handling our anticipated FY22 revenue increase.

I am very pleased with the sales recovery and growth of our advertising business in FY21. Our media + editorial team adjusted to Covid-19, developed new ideas and tools, including new lifestyle categories such as Tech and Automotive. These efforts resulted in multiple new clients and projects, including a large three-month partnership with Genesis, the luxury car manufacturer. We will continue to explore new media categories and geographies (EU / Asia) in FY22.

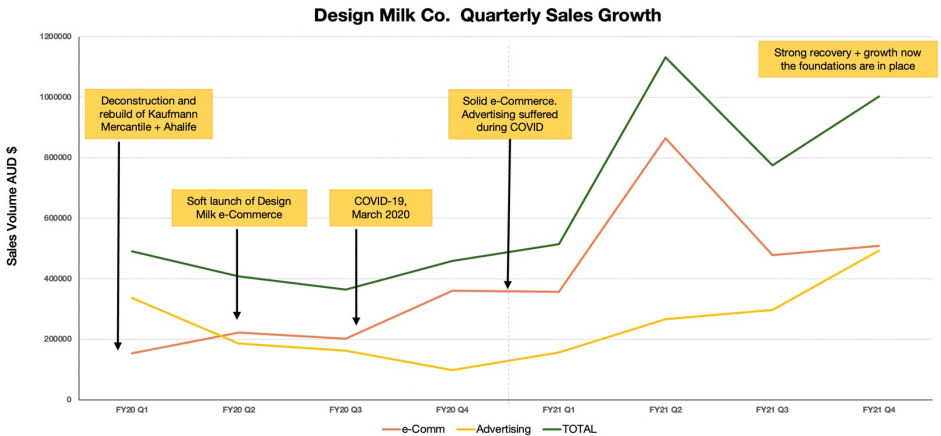
Our FY21 results reflect our focus on Design Milk, and its brand strength. The Design Milk community grew to over 9.15 Million followers who trust and enjoy our content. The total Design Milk business grew +115%, with e-Commerce achieving +245%, giving me confidence in how we approach and balance our shop and content messaging. Our positive EBITDA performance further reassures me of our operational efficiencies and solid commercial arrangements.

During Covid-19 we launched our DMTV channel on Instagram, now viewed nearly 2 Million times. In FY22 we will introduce a new shop series to DMTV, refresh our website design, improve our Search / SEO functionality, launch new affiliate and influencer programs, expand our exclusive co-branded product catalogue, and explore TikTok and YouTube which offer a new, potentially huge growth opportunity for us.

We have built the foundations and have numerous exciting projects and expansion opportunities ahead. I am very pleased with our results and excited about our future. Thank you for your support and interest in what we're doing and thank you to my Team and the Board for their ongoing support.

Robert Mancini
C.E.O
Design Milk Co.

FY21 Trading Highlights



Full Year gross sales of AUD \$3.2 million, an increase of +82% vs. last year, with Design Milk now accounting for over 80% of our total revenue

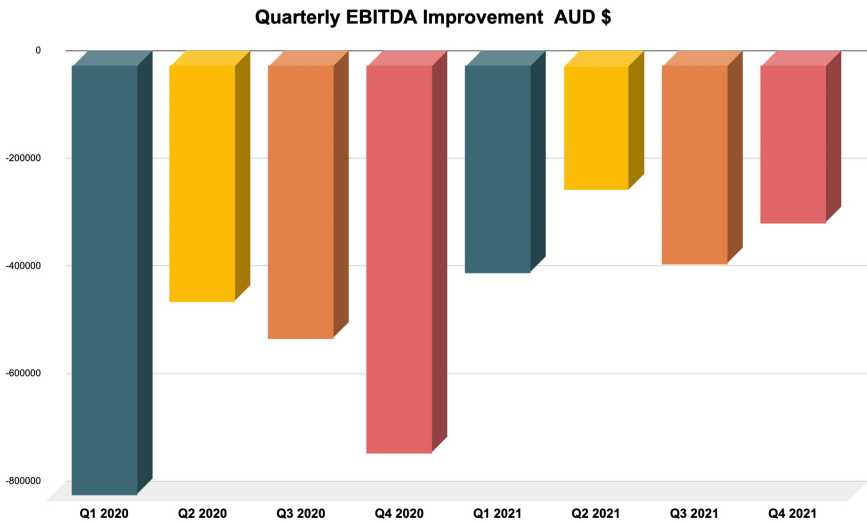


e-Commerce sales +114% vs. LY. Design Milk e-Commerce grew +245% YoY, as we added new vendors + improve how **Content-leads-Commerce**



Advertising and Media revenue recovered strongly following a difficult start to the year, closing at a very healthy +44% vs. last year

FY21 Trading Highlights



Our EBITDA improved by AUD \$1.2 Million vs. FY20, and achieved very positive Quarter vs. Quarter comps



We ended FY21 with a solid year-end cash position of AUD \$1.67 Million, and net assets of AUD \$1.73 Million



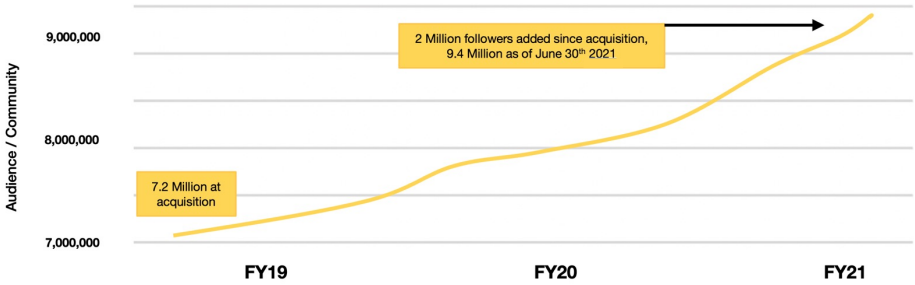
Average Order Value (AOV) remains strong, with Design Milk increasing from AUD \$160 to AUD \$170 throughout FY21



Conversion rates are improving as we introduce more shop-friendly content. We still have a long runway to improve 3x, in line with industry standards

Audience Growth

DMC Audience Growth – Since Acquisition



Our Community has grown consistently over the last two years, reflecting the strength of our high-quality editorial, and new DMTV video content



We are developing engaging, shop-friendly content for TikTok + YouTube, both are untapped today, offering huge audience + sales growth potential



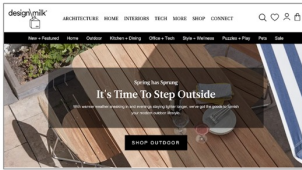
During COVID we developed new channels and types of content. These reduced the impact of lost coverage from closed design events and shows



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Group Overview

Our Brands



- Business Services:**
- eCommerce: B2C, and Trade
 - Editorial Content
 - Advertising + Media Services
 - Pop-Up Retail

Audience: Broad demographics. Appreciate all things modern design related, and high-quality editorial content that supports the design + creative process.

Categories: Furniture, Decor, Lighting, Kitchen + Dining, Office, Tech, Jewelry, Bags + Accessories, Wellness, and Pets.



- Business Services:**
- eCommerce B2C
 - Editorial Content
 - Pop-Up Retail

Audience: Men, self or gift purchase, informal, outdoors, appreciates craftsmanship.

Categories: Home/Cabin, Decor, Furniture, Lighting, Kitchen + Dining, Tech, Pets, Gadgets + Tools, Garden + Yard, Bags + Accessories, Wellness, and Pets.



- Business Services:**
- eCommerce B2C
 - Pop-Up Retail

Audience: Women, self or gift purchase, urban, premium position

Categories: Jewelry, Bags + Accessories, Home Decor, Beauty, Kitchen + Dining, Wellness.

What We Do

Content-drives-Commerce

- \\ We produce and deliver editorial + video content, dedicated to the world of modern design
 - \\ Retail 500+ brands and products through our websites, supported by our content
 - \\ Create high quality, sponsored advertising + media programs
 - \\ Host pop-up retail events, and participate in or report on global design retail + trade shows
 - \\ Share it all via our websites, social media + email with our large combined audience of over 9.4M
- All interlinked, driving diversified, healthy revenue**

Drop-Ship e-Commerce

- \\ Agile, reduced inventory pressure, lower related operating costs

Diversified revenue streams

- \\ e-Commerce, sponsored advertising + media, affiliate publishing, pop-up retail + trade events

Shared-Service platform

- \\ One integrated team efficiently manages + supports multiple websites

Differentiated lifestyle-curated websites

- \\ Each website has a unique lifestyle projection, broadening our audience + revenue

Multiple growth opportunities

- \\ Grow our vendor base, exclusive products, live-shopping events, new Trade platform, larger pop-up events, a Design Milk Studio for unique content, and **MUCH MORE!**



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What We Value

\\ **Designers + Makers**

\\ **Our Community**

\\ **Modern, Creative Design**

\\ **Ethical Production**

\\ **Innovation + Quality**

\\ **Collaboration**



@coreymason



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Growth Plans



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Growth Plans

Short-term

TEAM

Improve operational integrity + process.

Add resources to accelerate growth and new media opportunities.

TECHNOLOGY

Refresh website, more mobile friendly. Reengineer our

Product-Search functionality, plus ongoing SEO improvements.

MERCHANDISE

Continue to grow vendor base, expand our assortment in key

categories and exclusive product offer, explore new categories.

CONTENT

Introduce new commercial content layers (shop focused), develop more video content, Studio tours, How-To guides, etc.

MARKETING

Continue growing our audience, develop new and untapped channels such as TikTok and Youtube.



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Growth Plans

Mid-term

TRADE

New Trade/B2B platform. Expand services to represent larger product categories (custom, furniture, flooring, lighting).

MULTI CHANNEL RETAIL

New Milk Stand pop-up markets. Bigger + better (100 vs. 20 vendors). Integrate markets into our online shop experience.

MERCHANDISE

Develop our exclusive co-branded product program across multiple categories. Constantly refresh vendor base + offer.

CONTENT

Expand our design show event schedule. Drive revenue + brand awareness. Delivers more content depth + Milk Stand events.

MARKETING

Create a physical Design Milk Studio to develop unique content, DMTV live shopping events, brand interviews + product imagery.



Brand
+
Services



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About Design Milk



started as a modern design-inspired blog in 2006, quickly becoming the go-to site for a large, growing community that's passionate about modern design, art, architecture, creators and products.

Today, our award-winning, multi channel platform delivers the latest modern design news, editorial + video content, brands + products to our community of nearly 9.2 million followers.

We've published 25,000+ articles supporting independent designers, artists, and brands from the worlds of art, architecture, interior design, home furnishings, technology, style, travel + more.



About Design Milk

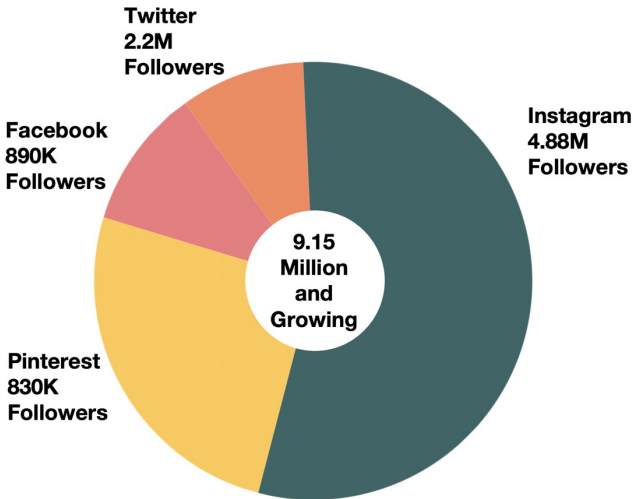


creates, hosts and shares design workshops, events, podcasts, brand videos and interviews through our website, social media, our DMTV channel, emails, newsletters, and other digital content mediums.

We launched the Design Milk online shop in November 2019, recently designed our first collection of products, and regularly “pop-up” in London, Toronto, LA, and New York via Design Milk Stand - our curated, physical marketplace that introduces our favorite brands in person to our large community.

Design Milk's Community

Social Media Followers



* 350K eMail and LinkedIn subscribers not split out

* 400K+ Kaufmann Mercantile and Ahalife subscribers not included

500K Visitors

Average Monthly Unique Visitors
Design-Milk.com

1.5M Pageviews

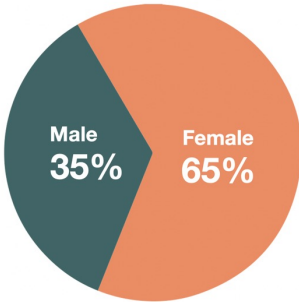
Average Monthly Pageviews
Design-Milk.com

7.5M Ad Impressions

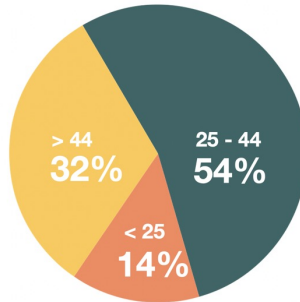
Average Monthly Ad Impressions
Design-Milk.com

Google Analytics, April 2021

Design Milk's Demographics

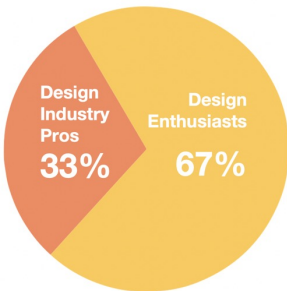


Gender

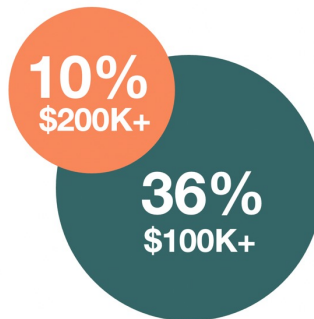


Age Range

Google Analytics, April 2021 and 2020 Readership Survey



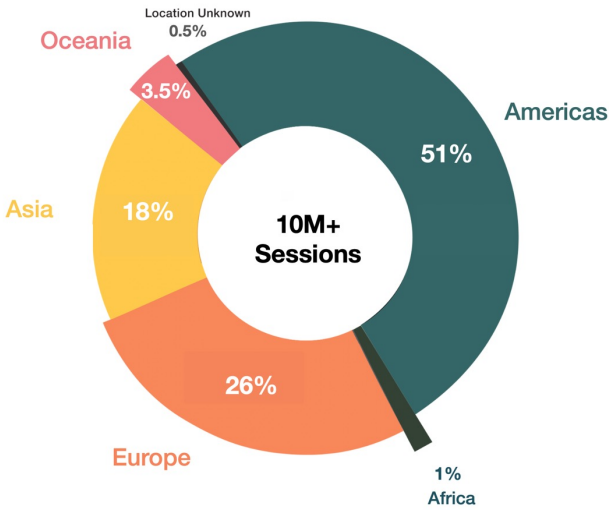
Audience



Household Income

Google Analytics, April 2021 and 2020 Readership Survey

Design Milk's Demographics



readers are tech-savvy, design enthusiasts

with a wide range of interests.

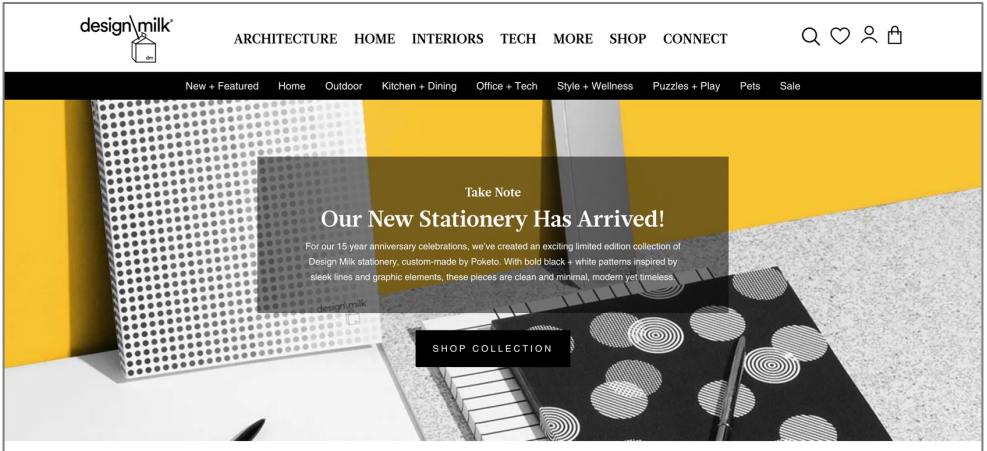
They rely on us to provide the most up-to-date and exciting innovations in modern design and deliver it via the latest digital mediums. They are educated professionals who value quality, design and style.

Plus, they don't keep it to themselves...

81% of our readers have shared something they saw on Design Milk with a friend.

Google Analytics, April 2021 and 2020 Readership Survey

The Design Milk Shop



Our simple plug & play system connects directly to a brand's own platform.

We ensure our partnerships are as simple and low-maintenance as possible.

Once securely connected, we reflect a brand's product, pricing, and inventory feeds.

We share brands with our large audience on a commission basis. Brands handle inventory and logistics.

Partnership Options

BRANDS

- \\ A curated assortment of independent brands, designers + products
- \\ Recognizing thoughtful modern design, across multiple categories
- \\ Sold + promoted through our shop, editorial + social media content

STORES

- \\ A newer initiative to support our local community retailers
- \\ A curated selection of our favorite brick-and-mortar stores
- \\ Their products sold + promoted on our shop + social media channels
- \\ Same on-boarding process as brands. No new approach is required


MILK STAND, POP-UP RETAIL


- \\ Pre-Covid Milk Stand popped-up at design shows in America + Europe
- \\ Milk Stand will relaunch in 2022 as a physical + digital market event
- \\ Next year we will develop Milk Stand into its own standalone event





Communication



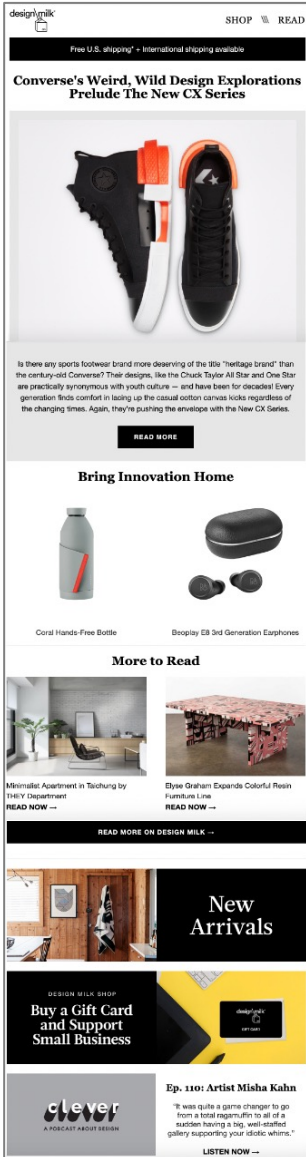
 We greatly value and appreciate our social media community and audience of over 9.15 million followers.

 We curate our posts, purposefully segmenting by category, posting and reposting on different channels + mediums, depending on our marketing or promotional goals.

 This segmentation lets us efficiently share our brand and products with a focused, pre-engaged portion of our audience.

 We further support our brand partners through our Milk Stand pop-up, co-branded product collaborations, and other marketing services.

Marketing



eMail

Website / Editorial

We engage with our brand partners to create a marketing plan that suits their business.

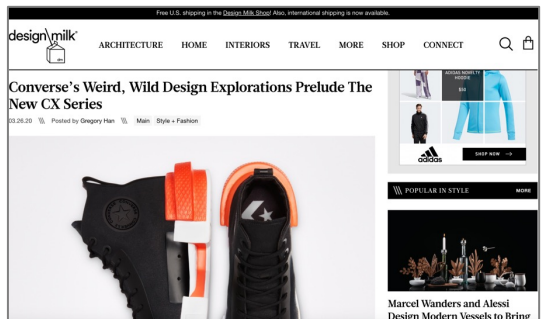
We can deliver one-off brand or product campaigns, a series of “drops” to tease and celebrate an occasion, or through our Media division we can produce a broad multi-channel launch campaign across social media, email, and other mediums.



Social

We make it easy to put products in front of our large enthusiastic community.

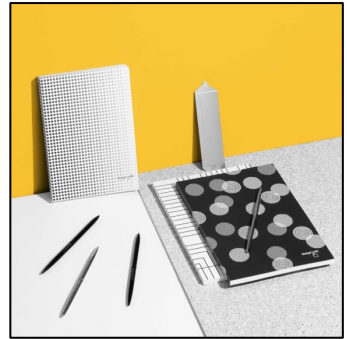
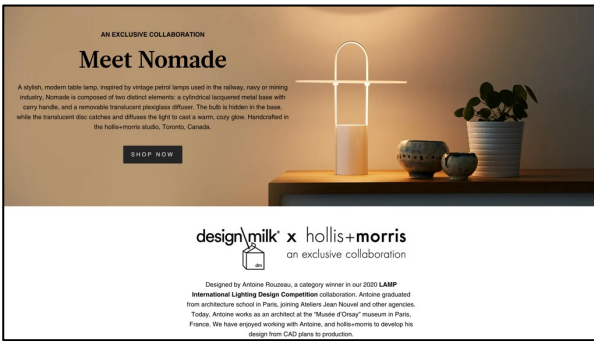
We ensure the order and shipping process is as efficient and economical as possible.



Product Collaborations

A recently launched program leveraging our strengths;
Curation, Content, Community, Marketing, and eCommerce

We discover + support designers. Working with them and our brand partners to develop an exclusive range of products



We develop a new design inhouse and establish a production, launch and marketing schedule with the brand partner.

We leverage the expertise of our brand partners manufacturing and supply chain. They produce inventory + handle logistics.

We sell, market + communicate exclusive products to our large community, handling all customer facing elements and support.

A low risk, efficient balance of our strengths + operating skills.



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Trade



In 2022 we will launch our new Trade platform

A high-quality service for brands that produce custom projects,
interiors, furniture, lighting, flooring, etc.

Accessible and marketed to our large community of registered
Interior Designers, Architects, and Trade Professionals

Offering a curated assortment of brands and products

Provides additional access to our marketing + communication
services, audience of 9.15 million enthusiasts + other benefits

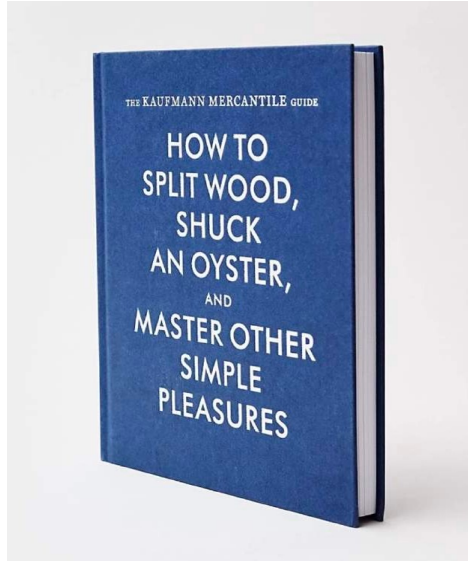
Media + Advertising Services

- \\ \ **Sponsored Articles**
- \\ \ **Product Launch Packages**
- \\ \ **Sponsored Instagram Posts on @designmilk**
- \\ \ **Design Milk TV Brand Highlights + Interviews**
(shared via Instagram, Youtube, TikTok, etc.)
- \\ \ **Small Business Spotlight**
- \\ \ **Giveaway Promotions**
- \\ \ **Gift Guides**
- \\ \ **Dedicated Newsletters + Newsletter Banner Ads**
- \\ \ **Designer Desktops**
- \\ \ **Unique Pinterest Boards**
- \\ \ **Custom Video production**
- \\ \ **Event Production + Consultation**
- \\ \ **Media Support + MORE !**



KAUFMANN MERCANTILE

Brand Introduction



KAUFMANN MERCANTILE

began as a blog in 2009. Our first article celebrated the Estwing Hammer – a handsome, high quality, no nonsense rugged essential first made in 1923.

Twelve years later, we continue to discover & share unique, high quality, sustainable, and discerning brands, products and craftspeople with our community via multiple communication mediums.



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KAUFMANN MERCANTILE encourages a slower, more thoughtful approach to life and how we shop.

OUR PURPOSE is to bring grounded, meaningful experiences into people's busy lives through product discovery and care.

OUR BELIEF is that products are more than a reflection of taste and style – they represent the stories, memories and communities a person is a part of.

OUR ROLE is to help people connect with their values & communities through the discovery of makers, brands and products they use everyday.



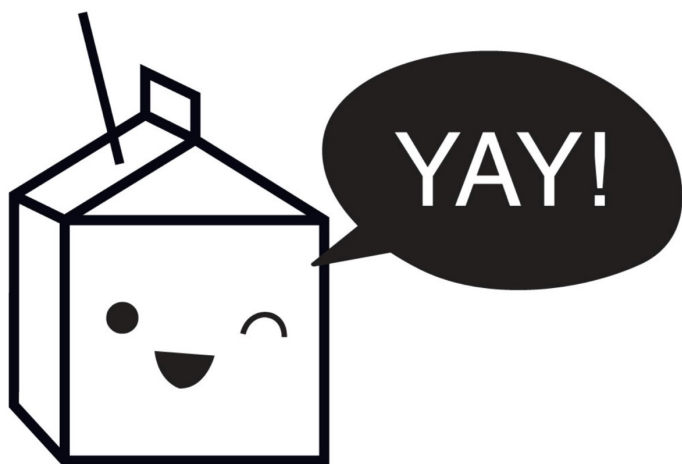
aha

Brand
Introduction

ahalife

Ahalife first opened its doors in 2009, in New York City as a lifestyle and wellness blog.

Through editorial content and product curation, we celebrate unique, timeless, and thoughtful products from independent female led brands, designers and artisans.



Thank You

Our Board and Management



Robert Mancini – Chief Executive Officer

- Appointed CEO in July 2018
- Extensive global luxury goods, fashion and e-commerce experience across multiple channels, categories, and geographies of the retail industry
- 20+ years with brands such as Ralph Lauren, Lbrands, and Richemont



Jaime Derringer – Chief Creative Officer

- Appointed Chief Creative Office upon acquisition of Design Milk in February 2019
- 20 years in the design and media industries
- A leading authority within the modern design community



Mike Hill – Chairman

- 20+ years Private Equity and Advisory experience in Australia and the UK
- Founder and Co-CIO of Bombora Special Investment Growth Fund
- Currently Chairman of Janison Education Limited and PKS Holdings Limited



Christopher Colfer – Director

- 20+ years experience in luxury goods, branded goods and e-commerce
- Served as Board Member of Net-A-Porter & LYST
- Currently sits on the Board of several consumer goods companies, including Woolworths Holdings Group, Nude by Nature, and Mobile Digital



Arnaud Massenet – Director

- Joined Board following a successful capital raise in September 2017
- Founding partner of Net-A-Porter and an active Board member for 10+ years
- Previously an Investment Banker with Morgan Stanley and Lehmann Brothers



Mike Everett – Director

- 25+ years capital markets and advisor experience
- Established leading independent capital markets advisory firm, Reunion Capital in 2013
- Previously Managing Director of Equity Capital Markets at Goldman Sachs



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Investor Relations

For more information regarding Design Milk Co. Limited (ASX: **DMC**)

Please visit www.design-milk.com, or contact:

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Sapir Elias (Company Secretary): +61 (404) 445 383

Investor Relations: ir@design-milk.com