

BLACK PEARL GROUP LIMITED

# **NZX Listing Profile**

29 November 2022

Prepared in connection with the initial quotation of ordinary shares in Black Pearl Group Limited on the NZX Main Board.

Prepared pursuant to NZX Listing Rule 7.3.1(b).



# Key Information Summary

#### What is this?

This profile document (**Profile**) has been prepared in accordance with the NZX Listing Rules, to support the initial quotation of ordinary shares (**Shares**) in Black Pearl Group Limited (**Blackpearl Group** or the **Company**) on the NZX Main Board (**Listing**). Unless stated otherwise, the information in this Profile is provided in relation to the Company as at the proposed date of listing 2 December 2022.

No Shares are being offered as part of the Listing. However, Shares may be traded on the market after Listing. Shares give you a stake in the ownership of Blackpearl Group. You may receive a return if Blackpearl Group increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Blackpearl Group runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of preference shares, if any, have been paid. You may lose some or all of your investment.

## **About Blackpearl Group**

Founded in 2012, Blackpearl Group is a technology company that builds, acquires and markets data driven cloud-based services, consisting of a suite of productivity and digital marketing applications for small-to-medium sized businesses (SMBs).

It has become increasingly expensive for SMBs to acquire and manage customers, and SMBs may be forced to rely on expensive digital advertising networks for growth. To help address this issue, Blackpearl Group leveraged its extensive cloud computing experience to create the core of Blackpearl Group's technology - a private and proprietary technology platform called the "Pearl Engine". The Pearl Engine supports the companies in the Blackpearl Group and their cloud-based, Software as a Service (SaaS) applications. The current applications in the Blackpearl Group improve the effectiveness of how businesses communicate via email.

Blackpearl Group envisions that the Pearl Engine can be used to support other commonly used digital communication services, with a vision to transform communication services into marketing tools.

Blackpearl Group has two wholly owned subsidiary companies, Black Pearl Mail, Inc., incorporated in Arizona, United States of America (USA), and NewOldStamp Limited, incorporated in New Zealand. Blackpearl Group owns the Pearl Engine. Blackpearl Group also owns and operates the Black Pearl Mail solution and its applications, which are available through <a href="http://blackpearlmail.com">http://blackpearlmail.com</a>. NewOldStamp Limited owns and operates the NewOldStamp solution and its applications, which are available through <a href="http://newoldstamp.com">http://newoldstamp.com</a>.

The Black Pearl Mail and NewOldStamp solutions each provide affordable SaaS applications which are either fully, or in part, able to be purchased and implemented online in a self-service fashion. These applications improve the effectiveness of how businesses communicate via email. Features include the ability to transform email into a demand generation tool, the provision of a centralised email signature management system and real-time analytics.

On the back of a 244% organic revenue growth in FY2022 from FY2021, Blackpearl Group is now focused on increasing the number and type of applications in the group, aiming to replicate the success of Blackpearl Group's acquisition of the NewOldStamp business from NewOldStamp Inc (further information on the acquisition of the NewOldStamp business can be found on page 37 of the Profile under the heading "Acquisition of NewOldStamp").

As at the date that the NewOldStamp business commenced trading as part of Blackpearl Group (1 November 2022), Blackpearl Group has Annual Recurring Revenue of NZ \$2.8 million (Annual Recurring Revenue means a non-GAAP financial measure which shows the value of contracted recurring revenue of Blackpearl Group's term subscriptions normalised to a one-year period).

Blackpearl Group has attracted an array of notable shareholders. At the time of this Profile, significant investors include Tim Crown (founder and chairman of the NASDAQ-listed Fortune 500 company Insight Enterprises (NASDAQ:NSIT)), other high profile individuals and an institutional investor.

For more information on Blackpearl Group, its applications and the Pearl Engine, see Section 2: Blackpearl Group and what it does.

# **Purpose of Listing on the NZX**

Listing on the NZX is aligned with Blackpearl Group's growth strategy as it will provide the opportunity to enhance the Company's profile and reputation as a trusted cloud services provider for businesses both domestically and internationally.

In addition, Blackpearl Group employs subject matter experts across marketing and technical disciplines. The brand awareness and status that comes from being a publicly listed company will help in attracting and retaining the best available talent.

Blackpearl Group is not raising capital in conjunction with the Listing on the NZX. Notwithstanding this, Blackpearl Group may raise capital in the future and may issue shares as consideration for future acquisitions (as described under the heading "Acquisition Strategy" on pages 34-35). Shares of a public company can be traded providing Blackpearl Group with a pathway to liquidity.

## **About Blackpearl Group's Shares**

Following completion of the Listing, Blackpearl Group will have 37,637,864 equity securities on issue. These include 34,753,864 Shares, all of which will be quoted on the NZX Main Board. The remaining equity securities are 384,000 Restricted Shares, briefly described below and in further detail under the heading "Other equity securities of Blackpearl Group – Restricted Shares" on page 51 and 2,500,000 Warrants also described in further detail under the heading "Other equity securities of Blackpearl Group – Warrants" on page 51.

Each Share gives the holder the right to:

- attend and vote at a meeting of the Company, including the right to cast one vote per Share on a poll (subject to any voting prohibitions that may apply under the NZX Listing Rules);
- an equal share with all other Shares in any dividends authorised by the Company;
- an equal share with all other Shares in the distribution of surplus assets of the Company in any liquidation of the Company;
- receive certain information from the Company (including its financial statements and annual report); and
- other rights as a shareholder conferred by the Companies Act 1993 and the Company's constitution.

The Restricted Shares have been issued to the non-executive directors in office as at the date of this Profile. The Restricted Shares have an issue price of NZ\$1.25 per Restricted Share but are issued to the relevant directors as fully paid for nil consideration. The Restricted Shares have the same rights as Shares except that the Restricted Shares:

- are not transferable;
- may be redeemed by Blackpearl Group if the director to whom the Restricted Shares has been issued ceases to hold office before a specified date; and
- will automatically convert into Shares on specified dates.

For more information on the Restricted Shares, see *Section 2: Blackpearl Group* and what it does under the heading "Other equity securities of Blackpearl Group – *Restricted Shares*" on page 51.

On 24 November 2022, Blackpearl Group issued 2,500,000 Warrants to Crown BP Holdings, LLC, an entity associated with the Chairman of Blackpearl Group, Tim Crown. Each Warrant entitles the holder to receive a Share for an exercise price of \$0.01 per Share. The Warrants cannot be exercised for six months following their date of issue and can then be exercised at the discretion of the holder at any time in the following five year period.

The Warrants were issued as consideration for Crown BP Holdings, LLC advancing a NZ\$2.4 million loan to Blackpearl under a promissory note as described on page 61. The advance under the promissory note was sought to increase Blackpearl Group's cash reserves at listing at a low servicing cost to Blackpearl (a 1% per annum interest rate is payable) to support Blackpearl Group's cashflows over the 26-month term of the advance. The advance is secured over all present and after acquired personal property of Blackpearl Group under a general security agreement granted in favour of Crown BP Holdings, LLC.

The Warrants represent 7.19% of all Shares currently on issue in Blackpearl Group and will, on exercise, cause dilution to other Blackpearl Group shareholders. The Warrants are described in further detail under the heading "Other equity securities of Blackpearl Group – Warrants" on page 51.

As described in further detail in *Section 2 (Blackpearl Group and what it does)*, Blackpearl Group has also granted the following rights to Shares:

- (a) Provided that any applicable vesting conditions are met, Blackpearl Group has granted up to 2,167,718 share rights in the Company to current and former employees and independent contractors under Blackpearl Group's existing employee share rights scheme. Each share right is a right to one Share. The share rights may vest immediately or on specified vesting dates. Once vested, the share rights are held in trust until the relevant employee, independent contractor or director requests in writing that the Share is issued or transferred to them, or Blackpearl Group notifies the relevant employee, independent contractor or director in writing that the Share will be issued or transferred to them. Each Share issued in connection with the share right has a specified issued price but the Share is issued to the recipient as fully paid for nil consideration. For further information on the share rights scheme, see Section 2: Blackpearl Group and what it does under the heading "Employee incentives Pre-listing Share Rights Scheme" on page 58.
- (b) Provided that the applicable conditions to issue Shares are met, Blackpearl Group has agreed to issue Shares to NewOldStamp Inc. or its nominees in part payment of the purchase price under the acquisition of the NewOldStamp business. For further information on the Share issues connected with the acquisition of the NewOldStamp business, see Section 2: Blackpearl Group and what it does under the heading "Acquisition of NewOldStamp" on page 37.

(c) Provided that the applicable conditions to issue Shares are met, Blackpearl Group has agreed to issue Shares to specified independent contractors to Blackpearl Group's wholly owned subsidiary NewOldStamp Limited under Agreements to Provide Services. For further information on the Share issues connected with the engagement of independent contractors to NewOldStamp Limited, see Section 2:

Blackpearl Group and what it does under the heading "Employee incentives - Other employee or independent contractor incentives" on page 60).

Following Listing, Blackpearl Group will establish a new short term incentive plan for senior executives and a new employee incentive scheme that are appropriate for a listed issuer.

# Listing statistics and key dates

Total number of Shares on issue at Listing	34,753,864
Financial year end	31 March
Expected Listing and quotation date	2 December 2022 under NZX code "BPG"

# How you can get your money out

Blackpearl Group intends to quote its Shares on the NZX Main Board. This means you may be able to sell them on the NZX Main Board if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

The only way in which a holder of Shares can realise their investment is to sell their Shares. If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.

## **Key drivers of returns**

Blackpearl Group considers that the following current and future aspects of Blackpearl Group's business have, or may have, the most impact on the financial performance of the business.

#### **Customer base**

The number of customers using the Blackpearl Group's solutions and applications.

#### Key strategies and plans:

- Investment in sales and marketing activities that drive increased traffic to Black Pearl Mail's and NewOldStamp's websites and may increase conversion of website visits to paying customers.
- Maximise each of Black Pearl Mail and NewOldStamp's website traffic and existing customer bases through cross-selling and up-selling promotions between the solutions.
- Drive product-led growth through enabling existing and new applications to access select elements or entire components of the Pearl Engine at near zero marginal cost to the application.

# Strategic acquisitions

Accelerating growth through the acquisition of incumbent software businesses with long term customers, unique capabilities and stable recurring revenues.

#### Key strategies and plans:

- Buy into market positions that would otherwise take years to build using an organic sales process.
- Attain talent from acquisitions of businesses which provide immediate access to industry experts.
- Increase utilisation of an acquired business' resources through access to Blackpearl Group's talent and the Pearl Engine technology.
- Improve revenue-to-cost ratio through leveraging existing resources and accessing economies of scale.

# Pearl Engine platform research and development (R&D)

Enhancing functionality of the Pearl Engine to increase the features and functionality of Blackpearl Group's solutions and applications.

#### Key strategies and plans:

- Merge elements of acquired technologies, including the NewOldStamp solution and applications, into the Pearl Engine platform.
- · Increase each application's utilisation of Pearl Engine assets.
- Enrich datasets with third party data sources in the Pearl Engine data cycle (as described in further detail under the heading "Technology Data enrichment to value creation (Data-to-Value Cycle)" on page 19).
- Investment in data analysis to improve analytics and build new features, including applied artificial intelligence.

## **Application led growth**

Accelerating growth by increasing revenue for each application.

#### Key strategies and plans:

- Execution of standard practice SaaS marketing and sales endeavours.
- Maximising the marketing and customer-base assets of Blackpearl Group's applications through cross-selling and upselling.
- Invest in development of new features in the applications. Informed by Pearl Engine data cycles and agile development practices, Blackpearl Group will continue application level R&D to unlock new market segments and increase average revenue per customer.
- Evaluate and enhance user experiences to increase website-visit-to-paid-customer conversion rates.

You should read this summary in conjunction with Section 2: Blackpearl Group and what it does and Section 4: Blackpearl Group's financial information.

# Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Blackpearl Group's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. Blackpearl Group considers that the most significant risk factors that could affect the value of the Shares are:

Risk Factors	Description
Dependence on third party service providers such as Google and Microsoft	Blackpearl Group's Black Pearl Mail and NewOldStamp SaaS solutions and applications integrate with third party service provider's platforms, including Google and Microsoft email. These third party service providers could update or change their platforms and systems in a way that materially impacts on the features, functionality and quality of service for one or both of the Black Pearl Mail or NewOldStamp SaaS solutions. Other more minor or day-to-day updates or outages by third party service providers could affect the smooth running of Blackpearl Group's Pearl Engine or SaaS solutions and applications.
Security breaches and unauthorised access to customer data	Blackpearl Group's applications involve the processing, cloud hosting and storage of customers' information, including email addresses and information regarding the customer's organisational structure. There is a risk that unauthorised access or security breaches to the applications could result in the leak of information or temporary inability to access the application's features. There is a risk that security breaches and incidents could result in potential enforcement action and monetary fines from data protection authorities, litigation by customers, termination of customer contracts, potential indemnity obligations, and potential remediation costs.

Risk Factors	Description
Strategic Acquisition Risk	While Blackpearl Group will be growing organically, the Company will seek strategic acquisition opportunities in order to build a customer base at a lower cost than using an organic sales process. Blackpearl Group will integrate acquisitions into the Blackpearl Group and look to cross-sell and up-sell to the acquired customer base. There is a risk that acquisitions do not produce the forecasted revenue benefits or cost synergies. Blackpearl Group's performance is dependent on the efficient allocation of capital into initiatives that generate positive returns. The allocation of capital to a non-performing acquisition is at the opportunity cost of investing in organic sales initiatives, marketing campaigns, or research and development projects. A non-performing acquisition may result in the partial or complete write-off of the capital invested.

This summary does not cover all of the risks of investing in Shares. You should also read Section 5: Risks to Blackpearl Group's business and plans.

# Where you can find Blackpearl Group's financial information

The financial position and performance of Blackpearl Group are essential to an assessment of this investment. You should also read *Section 4: Blackpearl Group's financial information*.

# **Capitalisation Table**

Capitalisation table					
Number of shares on issue at Listing	34,753,864				
Listing price	\$1.25				
Implied market capitalisation	\$43.4million				
Net cash	\$4.3million				
Implied enterprise value	\$39.2million				

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# Letter from the Chairperson of the Company's Board

# Dear Investor,

# On behalf of the Blackpearl Group board, I'm delighted to bring Blackpearl Group to the NZX.



Blackpearl Group is an innovative technology company that builds, acquires and markets data driven cloud-based services. Recent economic conditions have made it increasingly expensive for small to medium sized businesses to acquire and manage customers. We often hear businesses lamenting at the high cost of pay-to-play platforms. Blackpearl Group's mission is to empower companies with the technology, data and talent to accelerate their growth. This applies equally to our customers and the businesses we acquire.

The Company's core technology is the Pearl Engine - a private and proprietary platform that supports Blackpearl Group's solutions and applications and drives organic growth. Time and money are a business's scarcest resources. Applications in the Blackpearl Group can access select elements or entire components of the Pearl Engine at near zero marginal cost to the application. We consider that this can save millions of dollars and years of time in R&D. That means faster and more affordable growth.

Blackpearl Group has attracted investment and support from high profile individuals and an institutional investor. We believe it's our ability to assemble world-class talent that has placed us in such an advantageous position to accelerate growth.

Led by Founder and Chief Executive Nick Lissette, Blackpearl Group has an accomplished and driven management team supported by a global team of industry experts. The Blackpearl Group's team is passionate and committed to fulfilling the Company's vision and goals. This results-focused attitude is in part responsible for our rapid organic revenue growth in FY2022 – an impressive 244% from FY2021. This growth has been further fuelled by the recent acquisition of the NewOldStamp business from NewOldStamp Inc., a leading email signature provider.

Acquisition is a significant component of our growth strategy. Current economic conditions have heavily restricted private companies' access to capital. This has been compounded by fast paced evolution of the technology industry which requires these businesses to continually invest in R&D. Whilst this has created unprecedented buying opportunities, at our heart we are a company built by entrepreneurs, for entrepreneurs. Blackpearl Group offers technology founders a path to exit, however, our true value is supporting them in realising their technology's growth goals. Hence our vision – Better growth, together.

We look forward to Blackpearl Group becoming a publicly listed company, and on behalf of my fellow Directors I welcome your support of Blackpearl Group.

Yours sincerely,

Tim Crown

Chairman



# Blackpearl Group and what it does

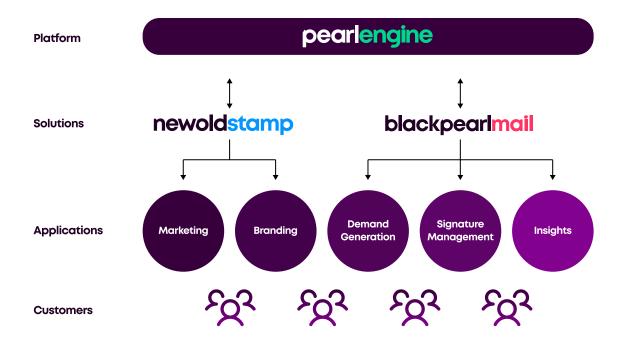
#### Overview of the business

Blackpearl Group is a technology company that builds, acquires and markets data driven cloud-based services.

The core of Blackpearl Group's technology is the Pearl Engine. The Pearl Engine is a private and proprietary platform where Blackpearl Group's SaaS applications can access technology components and data developed or acquired by Blackpearl Group. Each company within the Blackpearl Group can access the Pearl Engine components for their applications at a near zero marginal cost to the application. This reduces the time and cost of research and development for each application, enabling faster and more affordable product-led growth for those applications. The Pearl Engine drives Blackpearl Group's organic growth and acquisition strategies.

Blackpearl Group owns and operates two SaaS solutions marketed to SMBs. They are:

- the Black Pearl Mail solution and its applications, owned and operated by Blackpearl Group and available through <a href="http://blackpearlmail.com">http://blackpearlmail.com</a>.
- the NewOldStamp solution and its applications, owned and operated by NewOldStamp Limited (Blackpearl Group's wholly owned subsidiary company) and available through http://newoldstamp.com. The NewOldStamp business was recently acquired by NewOldStamp Limited and has not yet accessed components of the Pearl Engine. Blackpearl Group intends to facilitate the access to the Pearl Engine's components for NewOldStamp's SaaS solution and applications in the short term.



(Above: The Pearl Engine and application structure)



The Black Pearl Mail and NewOldStamp applications improve the effectiveness of how companies communicate via email. Features include the ability to transform email into a demand generation tool, centralised email signature management and real-time analytics.

The SaaS model enables Blackpearl Group's customers to purchase and implement the applications online in a self-service fashion, either fully or in part on a subscription basis, with the software being located on external cloud-based servers rather than located in-house or as a downloadable product. As at the date of this Profile, Blackpearl Group serves over 4,000 customers across multiple geographies through the Black Pearl Mail and NewOldStamp solutions.

Blackpearl Group's Pearl Engine is engineered to support a wide variety of digital technologies and communication services. As such, Blackpearl Group intends to continue to build and acquire new companies and applications to support growth ambitions.

### **The Blackpearl Group Company Structure**

Blackpearl Group has two wholly owned subsidiaries, NewOldStamp Limited and Black Pearl Mail. Inc.

# **Black Pearl Group Limited**

New Zealand Company Number 4064918



Newoldstamp Limited
New Zealand Company number 8483340



Black Pearl Mail Inc. Arizona, United States

# **Company history**

Blackpearl Group was founded in 2012 when New Zealand technology entrepreneur Nick Lissette (a founder of Blackpearl Group) felt it was becoming increasingly expensive for businesses to acquire new customers in the digital world. Several years were spent building the Black Pearl Mail solution and applications to assist with market validation and data collation.

In 2016, the Company secured backing from Tim Crown, founder and chairman of the NASDAQ-listed Fortune 500 company, Insight Enterprises (NASDAQ:NSIT).

Subsequently the Company has attracted investment from high profile individuals and an institutional investor.

Before the COVID-19 pandemic, the Company operated a strategy that focused on sales through partner networks. At that time, Cherryl Pressley was Chief Executive Officer of Blackpearl Group's wholly owned subsidiary Black Pearl Mail, Inc., given Cherryl's extensive experience operating partner networks through Cherryl's previous role as Head of Scaled Partnerships at Google.

In 2020, COVID-19 impacted the Company's growth initiatives, with the partner network strategy proving not to be feasible in the pandemic environment. This resulted in the Company retrenching its headquarters from Arizona, USA back to New Zealand and changing the direction and development of the Company strategy from a focus on sales through partner networks to direct sales to customers. Through this transition, Blackpearl Group took the opportunity to further develop the Pearl Engine, with a view to enhancing its data capabilities to mirror the Company's direction and strategy. Nick Lissette led Blackpearl Group as Chief Executive Officer in the development and implementation of this strategy. Blackpearl Group re-engaged in the market in 2021 and achieved 244% revenue growth for FY2022 from FY2021.

On 1 November 2022, Blackpearl Group acquired the NewOldStamp business from NewOldStamp Inc. – a leading email signature provider. Further information on the acquisition of the NewOldStamp business can be found under the heading *"Acquisition of NewOldStamp"* on page 37 of the Profile.

# **Technology**

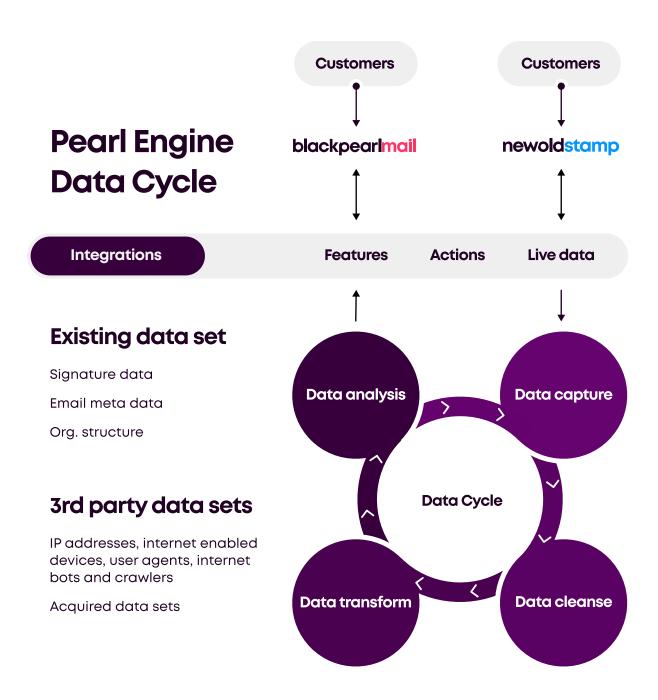
#### **The Pearl Engine**

The Blackpearl Group's private and proprietary platform, the Pearl Engine, is an important driver of organic growth for both built and acquired applications. Blackpearl Group's SaaS applications can be informed and enhanced by technology components developed or acquired by Blackpearl Group and by data flowing through the relevant application and the Pearl Engine platform itself. Each company within the Blackpearl Group can access the Pearl Engine components for their applications at a near zero marginal cost to the application. This reduces the time and cost of R&D for each application, enabling faster and more affordable product-led growth for those applications.

As at the date of the Profile, Blackpearl Group's Black Pearl Mail SaaS solution and applications utilises components from the Pearl Engine. The NewOldStamp business was acquired on 1 November 2022 and the NewOldStamp SaaS solution and applications have not yet accessed components of the Pearl Engine. Blackpearl Group intends to facilitate the access to the Pearl Engine's components for NewOldStamp's SaaS solution and applications in the short term.

#### Data enrichment to value creation (Data-to-Value Cycle)

At the Pearl Engine's core is a full life-cycle data enrichment process covering the capture, cleansing, transformation, analysis and visualisation of data, including customer data and email metadata. This cycle can integrate with the companies in the Blackpearl Group and the applications they offer, enriching the feature set and benefits for customers. This will in turn attract more customers and, of equal significance, creates a new layer of interactions and data which will feed into the next data cycle and unlock a deeper understanding. Within Blackpearl Group, this life-cycle is viewed as the **Data-to-Value Cycle**.



(above: the Pearl Engine Data-to-Value Cycle)

#### The Data-to-Value Cycle can be broken down into five stages:

#### 1. Integrations

The first stage refers to the integration of applications with the Pearl Engine. Blackpearl Group's SaaS applications can integrate with the Pearl Engine components at a near zero marginal cost to the application. This allows Blackpearl Group to build (or acquire) a component once and deploy it to many applications, reaching more customers. The integration of data into the Pearl Engine platform from Blackpearl Group's SaaS applications enables the later steps of the Data-to-Value Cycle and the return of enriched data and features.

#### 2. Data Capture stage

The data capture stage is focused on collecting useful data points collected in user interactions with Blackpearl Group's Black Pearl Mail solution and applications. The Black Pearl Mail solution's privacy policy enables the Pearl Engine to capture over 40 variables from a single interaction with any email. This builds the historical and real time data set for subsequent value creation. The Black Pearl Mail solution and applications and the Pearl Engine do not examine or store the email contents, nor does it store personal information except in accordance with the Black Pearl Mail solution's privacy policy and applicable laws.

#### 3. Data cleanse

Within digital communication, leading email service providers are increasing their implementation of internet bots. In the context of email, internet bots are automated software applications geared towards ensuring the legitimacy of interactions with applications by mimicking elements of the behaviour of real user interaction, such as automated link clicking and automatic caching of certain emails upon receipt.

These interactions can introduce significant noise in and distortion to what applications record as end-user interactions. This creates challenges to producing data that meets data quality goals of accuracy, completeness, consistency, timeliness, validity and uniqueness.

To address this Blackpearl Group has engineered proprietary algorithms to identify false interactions and remove them before they are reported to customers.

#### 4. Data transformation

The raw data collected by Blackpearl Group is then transformed into structures and formats that allow analysis, interpretation and additional machine learning.

In addition to customer-facing features, data transformation unlocks deeper understanding of the data and interactions across the SaaS applications, creating additional opportunities for new features and efficiencies in the future.

#### 5. Data analysis

The Pearl Engine platform and the integrated SaaS applications produce a breadth and depth of data, which is the foundation for providing valuable insights to Blackpearl Group's customers. Through the data, Blackpearl Group seeks to provide customers with the ability to act on reliable and verifiable information about human interaction with communication services.

The data also creates valuable insights for the Blackpearl Group, enabling the Blackpearl Group to build additional features; and so, the cycle continues.

# Applications Companies Demand Generation Demand Generation Signature Management Demand Generation Signature Generation Signature Generation Signature Generation Signature Generation Market point of difference Bull for purpose Risk mitigation Rich data Productivity and speed Fersonalize interactions Sticky features Data Rich data Rich data Productivity and speed Fersonalize interactions Sticky features Dear Generation New features Personalize interactions New features Rich data Productivity Apptionality

#### The Pearl Engine Platform

(above: Assets in the Pearl Engine)

The Pearl Engine platform itself is a unique array of technology, algorithms, systems and code all built and refined by data. Through APIs, companies in Blackpearl Group's group and the applications offered by the Blackpearl Group can access feature sets, code or data pools.

The Pearl Engine components that companies in the Blackpearl Group and the applications offered by the Blackpearl Group can utilise can be broadly categorised into the following assets:

- UX Assets: UX assets refers to components related to front-end code and user experience (UX) flows, enabling applications to access proven UX flows for conversion optimisation and front-end code which is multi-platform tested.
- Microservices: Microservices are often referred to as 'back-end' code, but are more specifically combinations of code which service functional purchases such as security, efficiency or operating systems.
- **Data:** Blackpearl Group has collated a breadth and depth of organisation structure data, customer data and metadata, including from the delivery, receipt and interaction with email. This data can be used to enrich existing data sets for application level reporting or for individual analysis through the Data-to-Value Cycle.

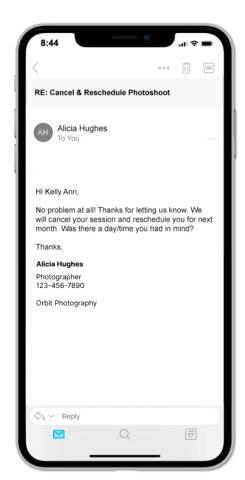
- **Tracking:** Tracking refers to incorporating elements into digital communication applications that can be interacted with and reported on. This technology can be used to enrich the functionality and analytics provided by applications.
- MTA Asset Serving: MTA Asset Serving is a purpose built 'Mail Transfer Agent' designed for the secure and efficient processing and delivery of business email.
- Artificial Intelligence and Machine Learning: Artificial intelligence and machine learning systems are used to analyse data and uncover trends or outcomes. An example of this is the Pearl Engine bot identification abilities is Blackpearl Group's proprietary machine learning algorithms engineered to remove false interactions. Current results from internal data analysis show that over 60% of email interactions are bot generated, up from 43% in 2021.

# Blackpearl Group's SaaS solutions and their applications

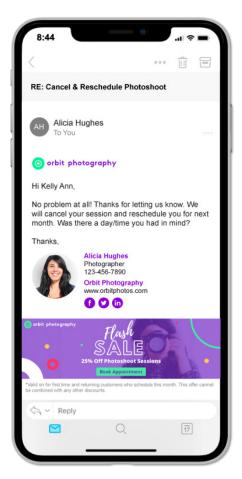
#### **Black Pearl Mail**

Black Pearl Mail is Blackpearl Group's self-built SaaS solution available through the Black Pearl Mail website www.blackpearlmail.com. Black Pearl Mail enables SMBs to centrally manage their email branding and transform their daily business email into a marketing tool.

Through the Black Pearl Mail applications, businesses can apply enhanced branding, incorporate trackable elements into emails and use the vacant 'real-estate' under the email signature for banner messaging (typically used for cross-selling, references and promotions). The Black Pearl Mail applications enable businesses to transform daily email to a demand generation tool that drives revenue through cross-selling, upselling, promotion and referrals. This is underpinned by analytics, including reporting and real-time notifications on how and when recipients are engaging with their email.







Email with Black Pearl Mail

# Dashboard | Society cummary | Society | Socie

#### Black Pearl Mail's real time engagement dashboard

Black Pearl Mail's customer base is geographically diverse, representing the global nature of business email. The largest geographic area is the USA, accounting for 62% of customers. The average number of users per customer is 26.

Black Pearl Mail is used by a broad range of industries, including professional services, real-estate, brokers and marketing agencies.

Black Pearl Mail is a month-to-month service of tiered pricing, with the average length of a customer's subscription period (average lifetime usage) being 47 months. The service's average monthly recurring revenue per customer is NZ\$168 (calculated based on the average monthly recurring revenue per customer for the 12 months immediately preceding 31 October 2022). This creates an average lifetime revenue of NZ\$7,896 per customer.

In March 2022, Blackpearl Group launched an innovative digital marketing campaign for Black Pearl Mail, which was supported by an outbound sales force. The target was SMB businesses in the USA, Canada, UK, Australia and New Zealand. The Black Pearl Mail product experienced explosive revenue growth in FY2022 of 244% from FY2021.

#### **NewOldStamp**

On 1 November 2022, Blackpearl Group acquired the NewOldStamp business from NewOldStamp Inc., an email signature management company based in the USA, with contractors in the USA and Europe (including Eastern Europe). This is the first example of an acquisition under Blackpearl Group's Acquisition Strategy, outlined under the heading "Acquisition of NewOldStamp" on page 37.

NewOldStamp is an in-market SaaS solution that enables businesses to centrally manage their email signatures.

NewOldStamp has created over 5,000,000 business email signatures for professionals.

NewOldStamp's website, <u>www.newoldstamp.com</u>, receives over 1 million organic site visits annually. The acquisition of the NewOldStamp business, together with its broadened lead utilisation from the number of organic site visits, provides opportunities for Blackpearl Group to cross-sell, up-sell and increase conversion opportunities across its Black Pearl Mail and NewOldStamp applications.

NewOldStamp has quarterly and annual pricing plans, with some legacy monthly pricing plans in place. The average length of a customer's subscription period (average lifetime usage) is 42 months. The service's average monthly recurring revenue per customer is NZ\$27 (calculated based on the average monthly recurring revenue per customer for the 12 months immediately preceding 31 October 2022). This creates an average lifetime revenue of NZ\$1,161 per customer.

NewOldStamp is operated through Blackpearl Group's wholly owned New Zealand subsidiary, NewOldStamp Limited.

## Competitive landscape and industry overview

Blackpearl Group operates in two different competitive landscapes, being:

- Blackpearl Group as an acquirer of SaaS technology companies and/or applications; and
- Blackpearl Group as a company that creates and develops the Pearl Engine and SaaS applications.

#### Blackpearl Group as an acquirer of SaaS technology companies and/or applications:

As an acquirer of SaaS technology companies and/or applications who service the SMB market, Blackpearl Group is competing with businesses or entities that also acquire those types of companies. This can include private equity firms, Special Purpose Acquisition Companies and any acquisition-focused business.

Blackpearl Group's initial targets for acquisitions include first generation email signature and email tracking companies. Recent examples of entities that have acquired such companies include vCita (a small business management app that acquired email signature company WiseStamp in August 2019) and eKomi (a review service that acquired email signature company Crossware in approximately October 2021).

Blackpearl Group's core technology, the Pearl Engine, provides a competitive advantage in this market. The Pearl Engine is likely to provide acquired businesses and/or applications with a source of organic growth post-acquisition, which in turn may maximise any agreed earn-out packages for the sellers.

# Blackpearl Group as a company that creates and develops the Pearl Engine and applications:

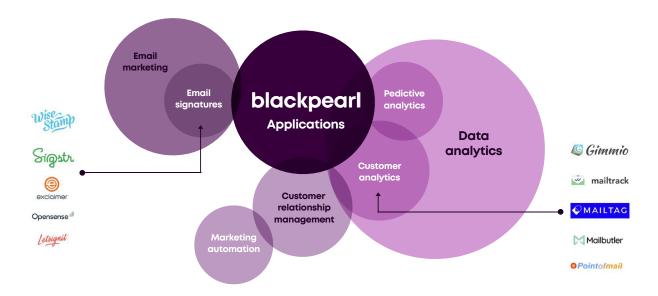
The Black Pearl Mail and NewOldStamp solutions and applications compete in the fragmented global market of email and email management.

Email itself is not a fixed entity, but a loosely agreed set of protocols which are interpreted differently by different providers. The specific subset of email which the Blackpearl Group's current applications operate in is business email - typically defined as the email sent by businesses and their employees to customers, colleagues, vendors and suppliers via services such as Google Workspace and Microsoft 365.

The Black Pearl Mail and NewOldStamp applications integrate with Google Workspace and Microsoft 365 and provide additional features and benefits.

The Black Pearl Mail applications combine centralised email branding, signature management and real-time analytics reporting and notifications. This places the Black Pearl Mail business at the intersection of three markets - email signature management, digital marketing and email tracking. Black Pearl Mail, therefore, is more than just an email signature provider. Potential customers may evaluate Black Pearl Mail alongside more advanced email branding companies such as Code2 and Exclaimer that provide similar experiences and analytics.

The NewOldStamp applications have historically competed at a basic email signature level, for which primary competition include Wisestamp and Letsignit. With the NewOldStamp applications now part of the Blackpearl Group, the NewOldStamp applications can access technology components of the Pearl Engine, such as data and analytics. In time, this will provide a significant differentiation from the current competitors to the NewOldStamp applications (which do not offer a similar level of data and analytics) and bring the NewOldStamp solution closer to the services provided by the Black Pearl Mail solution.



(above: the competitive landscape and industry of Blackpearl Group's applications)

## **Security and infrastructure**

The Blackpearl Group applications and the Pearl Engine are hosted in AWS, Azure, Digital Ocean and Google Cloud.

Blackpearl Group's Azure cloud environments are configured for high availability and are geographically dispersed across multiple regions including Microsoft's East, Central and West USA.

All the data centres are manned 24x7, and have strict controls and procedures around access to any physical infrastructure. All data centre facilities are ISO 27001 and SOC II certified - both global compliance standards for service organisations.

# Research and Development (R&D)

Blackpearl Group's R&D occurs both in the Pearl Engine platform and for each application.

#### **Pearl Engine Platform R&D**

The Data-to-Value Cycle of the Pearl Engine is where new features and product iterations can be assessed, developed and released to encourage organic growth and to enhance up-sell and cross-sell opportunities between applications and in anticipation of acquisition opportunities.

The key areas of R&D for the Pearl Engine will be focused on:

- increasing the breadth and depth of the data points captured in the Data-to-Value Cycle so that it can be used in a wide variety of applications through increasing third party data points, internal development and acquisitions;
- maintaining and improving the data cleanse stage in the Data-to-Value Cycle
  to ensure that the Pearl Engine keeps up to date with ever-evolving bots and
  technologies that may interfere with and distort data collection; and
- creating new products, features and iterations that would target broader markets and consumers, and therefore, increasing Blackpearl Group's revenue and value.

Further information on the Pearl Engine Data-to-Value Cycle can be found under the heading "Technology - Data enrichment to value creation (Data-to-Value Cycle)" on page 19 of the Profile.

#### **R&D** for Blackpearl Group applications

Blackpearl Group intends to continue to create a pipeline of applications with new features and functionality to cross-sell or up-sell to existing customers and seek to increase the number of website visits that convert into paying customers. Blackpearl Group will also invest in the development of new features in existing applications or use its Acquisition Strategy to target the acquisition of businesses that will provide new applications, in order to help unlock new market segments to create opportunities to increase the average revenue per customer.

As R&D is an expensive endeavour both in terms of time and capital, one of Blackpearl Group's strategic advantages is the ability for an existing or newly acquired application to access select elements or entire components of the Pearl Engine at a near zero marginal cost to the application, through leveraging pre-built and market proven Pearl Engine components. This is because the components in the Pearl Engine can be quickly added to an application in the Blackpearl Group via APIs. In practical terms, this enables an application to add existing Pearl Engine features for less cost and R&D time than if they had to develop those components themselves.

Blackpearl Group will also evaluate user experiences to determine opportunities for enhancement to increase website-visit-to-paid-customer conversion rates.

#### **Business model**

Blackpearl Group's business model is focused on building dependable recurring revenue streams from a geographically and industry diverse customer base. Blackpearl Group considers a customer base that has an average lifetime usage of 42 to 47 months to be a dependable recurring revenue stream. Blackpearl Group intends to further grow a dependable recurring revenue stream through acquiring customer bases and organic revenue growth.

Blackpearl Group applications operate SaaS business models where monthly, quarterly or annual fees (as applicable to the relevant SaaS application) are paid by customers in exchange for access to the applications. The type of software licence varies depending on product, customer size and the existence of legacy customer agreements.

The primary revenue success metric for Blackpearl Group is monthly and annual recurring revenue. Customer retention is key to building dependable recurring revenue streams. As at the date that the NewOldStamp business commenced trading as part of Blackpearl Group (1 November 2022), Blackpearl Group has Annual Recurring Revenue of NZ \$2.8 million (Annual Recurring Revenue means a non-GAAP financial measure which shows the value of contracted recurring revenue of Blackpearl Group's term subscriptions normalised to a one-year period).

The average monthly SaaS churn rate, being the average percentage of customers that have terminated their licences in the 12 months immediately preceding 31 October 2022, was 2.13% for the Black Pearl Mail solution and 2.35% for the NewOldStamp solution. SaaS companies targeting SMBs typically have a monthly churn rate between 3 to 7%.

To ensure that Blackpearl Group is up to date with the market and consumer demands within the ever-changing and fast-developing world of technology, Blackpearl Group aims to provide regular software upgrades and enhancements as well as offering upsell and cross-sell opportunities to its existing customer base.

A summary of how the Black Pearl Mail solution and the NewOldStamp solution generate revenue is provided below:

Solution	Revenue Type	Proportion of FY2022 revenue (%)	FY2022 revenue	Revenue model	Revenue recognition policy	Description
Black Pearl Mail	Subscription revenue	100%	NZ\$726,526	Recurring monthly or annual fee	Over time as the services are delivered to the customer	Customers pay a subscription fee to access the service. Amount of fee varies depending on the number of users of the service. Customers are invoiced on a monthly or annual basis throughout the term of the contract.
New OldStamp	Subscription revenue	100%	NZ\$916,089	Recurring quarterly or annual fee	Over time as the services are delivered to the customer	Customers pay a subscription fee to access the service. Amount of fee varies depending on the number of users of the service. Customers are invoiced on a, quarterly or annual basis throughout the term of the contract with some legacy monthly pricing plans in place.

## **Growth strategy**

Blackpearl Group's growth strategy can be broken into two areas:

- · growth of the Blackpearl Group, through acquisitions; and
- growth at an application level, through sales and marketing initiatives.

# **Growth Strategy: Blackpearl Group Level**

#### **Acquisition strategy**

Blackpearl Group will look to buy existing businesses or applications to consolidate market share and/or build capability, including key talent (Acquisition Strategy). Strategic acquisitions can provide an opportunity to buy into a market position that would otherwise take years to build, as well as providing cross-sell and up-sell opportunities to both new and existing customers. Blackpearl Group's acquisition strategy is aimed at long term growth in the Company through access to key talent, new marketing assets and a stable customer base.

Blackpearl Group's Acquisition Strategy can be broken down to three phases:

Phase one: Blackpearl Group intends to integrate companies that offer
first-generation email tracking and/or simple email signature to grow Blackpearl
Group's consumer base and reach and build the foundation for future growth
and development. As an established email branding company, this approach will
allow Blackpearl Group to mitigate some risk in these initial acquisitions.

Companies that Blackpearl Group has identified as high return and minimal risk for the purposes of phase one, include:

- first generation email tracking companies;
- simple email signature companies; and
- directly and indirectly adjacent companies with no clear path forward as a stand-alone company.

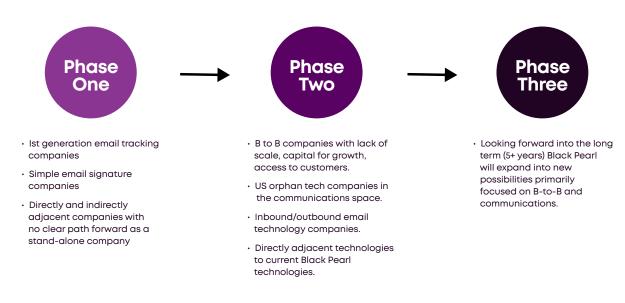
The acquisition of the NewOldStamp business (described under the heading "Acquisition of NewOldStamp" on page 37) is an example of an acquisition in this phase.

 Phase two: Phase two of Blackpearl Group's Acquisition Strategy aims to solidify the Company's customer base and key talent while broadening business focus through acquisitions of companies that have existing assets and revenue that are adjacent to Blackpearl Group's current technologies.

Companies that Blackpearl Group have identified as targets include:

- Business-to-Business companies that lack scale, capital for growth and access to customers;
- USA 'orphan tech' companies in the communications space;
- inbound/outbound email technology companies; and
- · directly adjacent technologies to current Blackpearl Group technologies.
- 3. **Phase three:** Phase three outlines Blackpearl Group's future goals and possibilities for the long term, which aims to focus on expanding and developing Business-to-Business communications technology.

Once listed, Blackpearl Group will be required to comply with the NZX Listing Rules in relation to continuous disclosure (including with respect to material information relating to acquisitions), and major and related party transactions would require shareholder approval.



## **Blackpearl Group's Due Diligence Process**

Blackpearl Group has a comprehensive technical, financial and legal due diligence process that applies to all future and potential acquisitions. As part of the due diligence process, Blackpearl Group considers six integration factors:

- 1. General operations with a focus on the target's annual recurring revenue (ARR).
- Technical due diligence with a focus on the target's code ownership, type and quality of code, work practices, security protocols, data management, IT infrastructure, backlog of bugs and errors and investigation into any third party reliance.
- 3. Any cultural implications such as language considerations and geographic location, and the target's management structure, including key person liability.
- Sales/Marketing/Support, mainly focusing on organic traffic history and origins, prospective customers, sales processes, paid campaigns and website code and platform.
- 5. Financial information, which can be split into two focus points being:
  - a. The financial operations of the target, which involves reviewing financial statements and audit accounts, forecasts and budgets of the target, accounting and billing systems, existing and contingent liabilities and other general financial due diligence; and
  - b. Financial integration with Blackpearl Group, with a focus on tax implications and financial reporting requirements to align with the NZX Listing Rules and Financial Markets Conduct Act 2013.
- 6. Legal due diligence appropriate to the nature of the transaction, which may include a review of customer contracts, supplier contracts, employment or contractor agreements, intellectual property registrations and protections and data protection processes.

Some of the due diligence aspects may be outsourced and some aspects performed internally by Blackpearl Group personnel. The nature of the due diligence process undertaken, and the level of involvement of external experts, depends on the size of the acquisition, the complexity of the application, the structure of the transaction and the quality of the records kept.

# **Acquisition of NewOldStamp**

The NewOldStamp business has operated for seven years, including materially trading through the entity NewOldStamp Inc. (an entity registered in Delaware, USA) since approximately December 2019. The NewOldStamp business has over 3,600 customers spanning multiple geographies and, as at 1 November 2022, its website <a href="http://newoldstamp.com">http://newoldstamp.com</a> received over 1 million organic site visits annually.

On 28 October 2022, Blackpearl Group entered into an agreement for the purchase of the NewOldStamp business from NewOldStamp Inc. Consideration was NZD\$4,858,691 and USD\$150,000, made up of:

- payments at completion of NZD\$200,000 and USD\$150,000;
- the issue at completion of NZD\$999,729 of Shares at an issue price of NZD\$1.25 per Share;
- payment to be made on 5 January 2023 of NZD\$300,000;
- subject to certain conditions being met, the deferred issue of Shares on the date that is 12 months following completion of the purchase, being up to:
  - 719,659 Shares at an issue price per Share of NZD\$1.25; and
  - NZD\$900,000 of Shares at an issue price per Share of the Average Market Price (as defined in the NZX Listing Rules) where "Day A" is the date that is 12 months following completion of the purchase; and
- subject to certain conditions being met, the deferred issue of Shares on the date that is 24 months following completion of the purchase, being up to:
  - 623,510 Shares at an issue price per Share of NZD\$1.25; and
  - NZD\$780,000 of Shares at an issue price per share of the Average Market Price (as defined in the NZX Listing Rules) where "Day A" is the date that is 24 months following completion of the purchase.

The accounting treatment of the consideration for the purchase of the NewOldStamp business is set out under the heading "Acquisition of NewOldStamp" on page 37.

Full completion of the acquisition occurred on 1 November 2022. The NewOldStamp business was acquired by Blackpearl Group's subsidiary NewOldStamp Limited (New Zealand Company Number 8483340).

The acquisition of the NewOldStamp business provided Blackpearl Group with a cost-effective way to broaden Blackpearl Group's lead utilisation, create opportunities to cross-sell, up-sell and increase conversion opportunities and access industry leading technical expertise.

Blackpearl Group completed commercial, legal, financial and technical due diligence on NewOldStamp Inc and the NewOldStamp business in line with the relevant elements of the due diligence process outlined above. Blackpearl Group completed all elements of the due diligence in-house. A competent service provider has performed an assurance review of revenue of NewOldStamp Inc.

Blackpearl Group has an ongoing services agreement with NewOldStamp Inc. for the provision of 27 contractors (whom Blackpearl Group can bring in-house by agreement with each contractor).

In addition, Blackpearl Group's subsidiary NewOldStamp Limited has entered into Agreements to Provide Services directly with NewOldStamp Inc.'s shareholders Volodymyr Zastavnyy, Valerii Androshchuk and Olga Zabalkanska, under which each shareholder will provide services to Blackpearl Group.

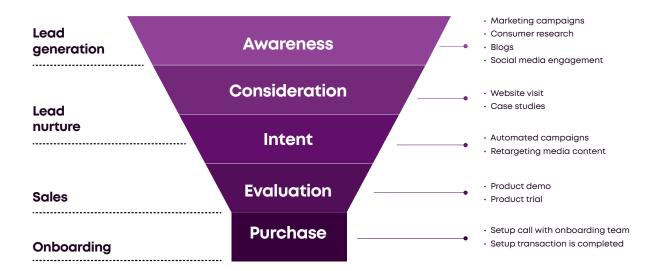
NewOldStamp Inc.'s majority shareholder, Volodymyr Zastavnyy, owns the email signature generator business "MySignature" conducted through the domain name <a href="https://www.mysignature.io">www.mysignature.io</a> and has granted to Blackpearl Group an exclusivity period of 12 months from completion of the acquisition of the NewOldStamp business, during which Volodymyr Zastavnyy will not enter into discussions, negotiations or contractual arrangements to sell "MySignature" or its business and assets with any person or entity other than Blackpearl Group. Blackpearl Group has not commenced any due diligence into the MySignature business and assets and has no intention to acquire such business or assets as at the date of this Profile.

# **Growth Strategy: Applications**

Blackpearl Group aims to grow its Black Pearl Mail and NewOldStamp solutions through:

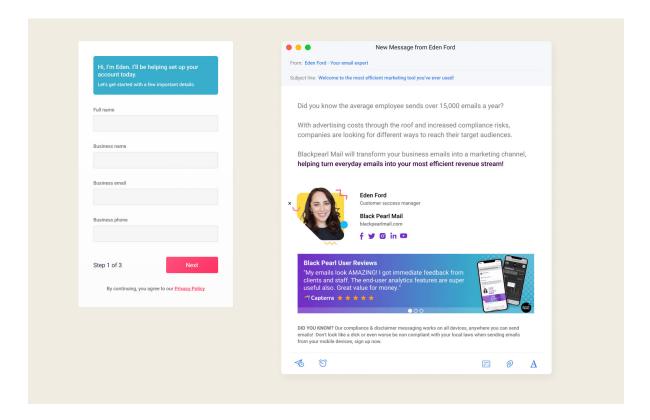
- · Executing standard SaaS marketing and sales endeavours (described below).
- Maximising the marketing and customer-base assets of Blackpearl Group's applications through cross-selling and upselling.
- Enhancing and developing new features in the applications, to unlock new market segments and create opportunities to increase average revenue per customer.
- Evaluating and enhancing user experience to improve website-visit-to-paidcustomer conversion rates.

As cloud-based SaaS applications, growth in Blackpearl Group's applications is based on building awareness through paid and/or organic digital marketing. Blackpearl Group applications run campaigns to increase the quality and quantity of website traffic generated. Data based analytics are used to measure the success of the campaign and inform Blackpearl Group on areas for improvement.



(Above: the SaaS Sales and Marketing Funnel)

Website visits are converted to paying customers through partial or full self-servicing setup and management processes. These processes are augmented with in-bound and out-bound sales promotions to optimise conversion rates.



Above: Black Pearl Mail - Sign-up example

In time, Blackpearl Group intends that the Black Pearl Mail solution and applications and the NewOldStamp solution and applications will share customer bases and potential leads to enable cross-selling and up-selling sales opportunities. Blackpearl Group envisages that this could include:

- · Passing Black Pearl Mail's non-compatible prospects to NewOldStamp.
- Retargeting NewOldStamp organic site visits with Black Pearl Mail product campaigns.
- Identifying NewOldStamp prospects and customers with higher marketing use cases and upselling them to Black Pearl Mail.
- Repurposing paid marketing budgets between applications depending on current campaign engagement and conversion levels.

# **Directors and Senior Leadership Team**

#### **Board of Directors**



**Tim Crown** | Non-Executive Director and Chairman

Tim Crown is a co-founder and current Chairman of the Insight Enterprises Board, a global IT solutions company listed on the Fortune 500 and publicly trading on NASDAQ. Insight Enterprises employs more than 10,000 professionals in 19 different countries, with over US \$9.4 billion of net sales in 2021.

In addition to serving as Chairman of the Blackpearl Group board, Tim also holds leadership roles at Redcatracing. com, Stormwind.com, Nocira.com, Coplex.com, and the Crown Foundation, a charitable organisation that provides educational services for both children and adults in the USA. Tim also instigated the establishment of the 501(c)3 Summit School of Ahwatukee for Preschool through to eighth grade in the year 2000. The school has received national and state level awards, including the 2012-2013 Creative Achievement Award from the Association of Collegiate Schools of Architecture. Today, the Summit School serves close to 500 students.

Tim resides in Arizona, USA and joined the Blackpearl Group board in January 2020 as Chairman. Tim is a member of the Audit and Risk Committee and the Remuneration Committee. The Board considers that Tim is not an independent director.



Nick Lissette | Executive Director and Chief Executive Officer

Nick Lissette is a founder and Chief Executive Officer of Blackpearl Group.

Nick has over a decade of experience working with cloud email providers. In 2006 Nick established Silver Cloud Mail Company, an anti-spam SaaS service which was sold in 2012. Nick went on to found Blackpearl Group where he managed the initial capitalisation of the Company and oversaw the building of the Pearl Engine and Black Pearl Mail technology.

Nick took on the role of Chief Technical Officer of Blackpearl Group in 2019, where he led the technical team to build the real-time analytics application, 'Insights', which won bronze in the Business to Business Services category at the American Business Awards®. Nick reverted to his role as Chief Executive Officer in March 2021 and subsequently oversaw a 244% revenue growth in FY2022 from FY2021, the prelisting capitalisation of the company and execution of the Company's acquisition of the NewOldStamp business.

Nick is a Member of the New Zealand Institute of Directors and has a Bachelors degree from Victoria University of Wellington.

Nick is a founding director and shareholder of Blackpearl Group. Nick resides in New Zealand. The Board considers that Nick is not an independent director.



Mark Osborne | Non-Executive Director

Mark is a Chartered Accountant with over 25 years of private sector, public sector and international experience. Mark has specific expertise in financial policy and governance.

Mark Osborne resides in New Zealand and was appointed in November 2022. The Board considers that Mark is as an independent director. Mark will chair the Audit and Risk Committee and is a member of the Remuneration Committee.



#### Cherryl Pressley | Non-Executive Director

Cherryl Pressley has over 25 years of business experience in the technology industry.

Cherryl's most recent role was as Head of Scaled Partnerships at Google. Previously, Cherryl spent 14 years working at Microsoft in senior leadership roles, including Senior Director of Worldwide Distribution and Channels where she provided leadership, go to market strategic planning, and direction to a Global Microsoft team where she led the channel sales team to exceed cloud revenue for FY2018 with triple digit growth, achieving over \$1B in revenue.

Additionally, Cherryl led Worldwide Engineering Support for Microsoft's global dynamics business in the Consumer & Enterprise Support Business Unit within Customer Service & Support. She helped transform the company's customer support experience from an in-person service to an internet-based service.

Cherryl was appointed in November 2022. The Board considers Cherryl to be an independent director. Cherryl has been a member of Blackpearl Group's Advisory Board since 2016 and was Chief Executive Officer of Black Pearl Mail, Inc. (Blackpearl Group's wholly owned US subsidiary) from approximately February 2019 to September 2020, Cherryl has been a Board Director for DRS Services USA, Inc. since 2015.

Cherryl resides in Arizona, USA. Cherryl is Chair of the Remuneration Committee and a member of the Audit and Risk Committee.

#### **Senior Management Team**



Nick Lissette | Chief Executive Officer

See biography in the section under the heading "Board of Directors" on page 42.



#### Karen Cargill | Chief Financial Officer

Karen is a Fellow Chartered Accountant and member of the Institute of Chartered Accountants of England and Wales with over 20 years' experience. Karen came to Blackpearl Group after a decade of working in the United Kingdom for companies such as Iron Mountain and Barclays Wealth.

In addition to her accounting qualifications Karen is a Chartered Governance Professional and Chartered Secretary and has a Bachelor of Commerce in Accounting and Commercial Law from Victoria University of Wellington.

Karen joined Blackpearl Group in February 2015.



#### Sam Daish | Chief Technology Officer

Sam has worked with Xero, Kiwibank and Qrious in senior data strategy and leadership roles, as well as consulting with the Ministry of Social Development and Gender Equal NZ regarding their data strategy. Sam's roles as General Manager of Data Innovation for Xero and Head of Artificial Intelligence and Data Science with Qrious have given Sam over 20 years of experience using technology to collect data for organisations and individuals.

Sam joined Blackpearl Group in March 2022.



#### Volodymyr Zastavnyy | Chief Revenue Officer

Volodymyr has created and grown several SaaS businesses, including mysignature.io and cheqmark.io.

Volodymyr founded NewOldStamp, a prominent email signature management solution. As Chief Executive Officer, Volodymyr used his experience in cloud-based services marketing to help NewOldStamp generate millions of organic site visits annually and drive ARR to an excess of 1m.

Volodymyr has a Masters degree of Marketing from Lviv Polytechnic National University.

Volodymyr joined Blackpearl Group in November 2022.



#### Johnson Saju | Vice President of Operations

After completing a Bachelor of Management Studies, Accounting at the University of Waikato, Johnson has gone on to work in senior management roles for large New Zealand companies such as ezyVet and Cin7.

Johnson has almost a decade of experience working for SaaS companies, including as Head of Technical Customer Support at Cin7, Global Head of Support at ezyVet and Global Head of Customer Success at Blackpearl Group.

In addition to his University degree Johnson is fluent in English, Hindi, Tamil and Malayalam.

Johnson joined Blackpearl Group in June 2020.

# Substantial shareholders and relevant interests in Blackpearl Group

As at the date of this Profile, the following persons have, and immediately after Listing will have, a relevant interest in 5% or more of the Shares in Blackpearl Group.

Shares				
Interest Holder	Legal ownership or other	Interest		
	nature of the interest	Number of Shares	% of Shares	
VTPE Investments, LLC	Registered holder and beneficial owner	4,130,028	11.88%	
S Bruhns, G Bruhns, M Thompson and S Bruhns	Registered holder as trustees of the Bruhns Dixon Trust	2,781,337	8.00%	
Crown BP Holdings, LLC	Registered holder and beneficial owner	2,711,105	7.80%	
Sir Owen Glenn	Registered holder and beneficial owner	2,403,720	6.92%	
Nick Lissette and Karen Cargill	Registered holder as trustees of the Per Aspera Ad Astra Trust	1,821,000	5.24%	
SpringCapital Club Pty Ltd	Registered holder as trustee for the SpringCapital Black Pearl Fund	1,787,494	5.14%	

As at the date of this Profile, the following persons have, and immediately after Listing will have, a relevant interest in 5% or more of the Restricted Shares.

Restricted Shares			
Interest Holder	Legal ownership or other nature of the interest	Interest	
		Number of Restricted Shares	% of Restricted Shares
Tim Crown	Registered holder and beneficial owner	288,000	75%
Cherryl Pressley	Registered holder and beneficial owner	48,000	12.5%
Mark Osborne	Registered holder and beneficial owner	48,000	12.5%

As at the date of this Profile, the following persons have, and immediately after Listing will have, a relevant interest in 5% or more of the Warrants in Blackpearl Group.

	Warrants		
Interest Holder	Legal ownership or other nature	Interest	
	of the interest	Number of Warrants	% of Warrants
Crown BP Holdings, LLC	Registered holder and beneficial owner	2,500,000	100

Further information on the Warrants can be found on the section "Other equity securities of Blackpearl Group" on page 51.

# Shareholdings held by directors and senior managers

The table below sets out the equity securities in Blackpearl Group that the directors and senior managers of Blackpearl Group have an interest in at the date of this Profile and will likely have an interest in immediately after Listing.

Director/	Legal ownership or other nature of	Interest		
Senior Manager	the interest	Number of Shares, number of Restricted Shares and number of Warrants	% of Shares, % of Restricted Shares and % of Warrants	
Tim Crown	Registered holder and beneficial owner of 288,000 Restricted Shares.  Has the power to control the exercise of the rights attaching to the Shares and Warrants held by Crown BP Holdings, LLC, by virtue of being a member of Crown BP Holdings, LLC's manager Anchor Management, LLC.	288,000 Restricted Shares 2,711,105 Shares 2,500,000 Warrants	75% of Restricted Shares 7.80% of Shares 100% of Warrants	
Nick Lissette <sup>1</sup>	Has a relevant interest in the Shares held by Nick Lissette and Karen Cargill as trustees of the Per Aspera Ad Astra Trust (a family trust associated with Nick Lissette), as Nick Lissette, together with independent trustee Karen Cargill, has the power to control the exercise of the rights attaching to such Shares.	1,821,000 Shares	5.24% of Shares	
Cherryl Pressley <sup>2</sup>	Registered holder and beneficial owner of 48,000 Restricted Shares. Registered holder and beneficial owner of 40,790 Shares.	48,000 Restricted Shares 40,790 Shares	12.5% of Restricted Shares 0.12% of Shares	

Director / Legal ownership or other nature of		Interest		
Senior Manager	the interest	Number of Shares, number of Restricted Shares and number of Warrants	% of Shares, % of Restricted Shares and % of Warrants	
Mark Osborne	Registered holder and beneficial owner.	48,000 Restricted Shares	12.5% of Restricted Shares	
Karen Cargill <sup>3</sup>	Has a relevant interest in the 48,074 Shares held by Karen Cargill, Ross Cargill and Duncan Cotterill Trustee (Kinloch Laggan) Limited as trustees of the Kinloch Laggan Trust, as Karen Cargill, together with the other trustees, has the power to control the exercise of the rights attaching to such Shares.  Has a relevant interest in the 1,821,000 Shares held by Nick Lissette and Karen Cargill as trustees of the Per Aspera Ad Astra Trust (a family trust associated with Blackpearl Group's director Nick Lissette), as Karen Cargill (as an independent trustee), together with Nick Lissette, has the power to control the exercise of the rights attaching to such Shares.	1,869,074 Shares	5.38% of Shares	
Volodymyr Zastavnyy <sup>4</sup>	Registered holder and beneficial owner	703,634 Shares	2.02% of Shares	
Sam Daish <sup>5</sup>				
Johnson Saju <sup>6</sup>				

- <sup>1</sup> In addition, Nick Lissette, as trustee of the Per Aspera Ad Astra Trust (together with the independent trustee Karen Cargill), has a relevant interest in rights to be issued a further 675,955 Shares through the share rights granted under the pre-listing employee share rights scheme (see "Pre-Listing Share Rights Scheme" on page 58).
- <sup>2</sup> In addition, Cherryl Pressley has rights to be issued a further 627,861 Shares through the share rights granted under the pre-listing employee share rights scheme (see "*Pre-Listing Share Rights Scheme*" on page 58).
- <sup>3</sup> In addition, Karen Cargill has a relevant interest in rights to be issued further Shares through the share rights granted under the pre-listing employee share rights scheme as follows:
  - (a) as trustee of the Kinloch Laggan Trust, together with the other trustees
    Ross Cargill and Duncan Cotterill Trustee (Kinloch Laggan) Limited, rights to
    be issued 189,384 Shares; and
  - (b) as independent trustee of the Per Aspera Ad Astra Trust (a family trust associated with Blackpearl Group's director Nick Lissette) together with the other trustee Nick Lissette, rights to be issued 675,955 Shares.

(see "Pre-Listing Share Rights Scheme" on page 58).

- <sup>4</sup> In addition, Volodymyr Zastavnyy may receive:
  - (a) provided the relevant conditions under the Agreement for the Sale and Purchase of Business in relation to NewOldStamp are met, a relevant interest in shares to be issued in accordance with such Agreement on the first anniversary and second anniversary of completion of that Agreement (as described in "Acquisition of NewOldStamp" on page 37); and
  - (b) provided the relevant conditions under the Agreement to Provide Services between Volodymyr Zastavnyy and NewOldStamp Limited are met, a relevant interest in shares to be issued in accordance with such Agreement on the first anniversary and second anniversary of that Agreement (see "Employee incentives Other employee or independent contractor incentives" on page 60).
- <sup>5</sup> Sam Daish does not hold Shares as at the date of this Profile. Sam Daish has been granted up to 65,556 share rights under the pre-listing employee share rights scheme (see "Pre-Listing Share Rights Scheme" on page 58).
- <sup>6</sup> Johnson Saju does not hold Shares as at the date of this Profile. Johnson Saju has been granted up to 58,272 share rights under the pre-listing employee share rights scheme (see "Pre-Listing Share Rights Scheme" on page 58).

# Other equity securities of Blackpearl Group

#### **Warrants**

Crown BP Holdings, LLC entered into a promissory note with Blackpearl Group on 24 November 2022. Tim Crown is a director of Blackpearl Group and has a relevant interest in Crown BP Holdings, LLC, as a manager (through his membership of Anchor Management, LLC) and a member of Crown BP Holdings, LLC.

Under the promissory note, Crown BP Holdings, LLC advanced NZD\$2.4 million to Blackpearl Group for a period of 26 months. 2.5 million Warrants to purchase ordinary Shares in Blackpearl Group were granted to Crown BP Holdings, LLC as the origination fee for the promissory note. The promissory note is described in more detail under the heading "Material interests in Blackpearl Group" on page 61 below.

Each Warrant entitles Crown BP Holdings, LLC the right to purchase one Share at an exercise price of \$0.01 per Warrant, being a total of 2.5 million Shares (or approximately 7.19% of all Shares currently on issue). The Warrants can be exercised from 24 May 2023 and will expire on 24 May 2028. Any Warrants held by Crown BP Holdings, LLC after the expiry date will lapse and be of no further effect. To the extent that Warrants are exercised, other shareholders in Blackpearl Group will have their shareholdings correspondingly diluted.

#### **Restricted Shares**

On 29 November 2022 Blackpearl Group issued a separate class of equity securities to the non-executive directors in office as at the date of this Profile (Restricted Shares). Blackpearl Group has 384,000 Restricted Shares on issue. The Restricted Shares have an issue price of NZ\$1.25 per Restricted Share, but were issued to the relevant directors as fully paid for nil consideration. Each Restricted Share has the same terms as the Shares in the Company (and rank equally with Shares in respect of a liquidation of the Company and the payment of dividends) except that the Restricted Shares:

- · are not transferable:
- automatically convert into Shares in accordance with the following terms:
  - 192,000 Restricted Shares convert to Shares on the one year anniversary date of the Company's listing and quotation on the NZX Main Board; and
  - 192,000 Restricted Shares convert to Shares on the two year anniversary date of the Company's listing and quotation on the NZX Main Board; and
- can be redeemed by the Company for a total sum of NZ\$1.00 in aggregate for all of a director's Restricted Shares then on issue if the relevant director ceases to stay in office at any time before the two year anniversary date of the Company's listing and quotation on the NZX Main Board.

The number of Restricted Shares and timetable for conversion to Shares is as follows:

Director	Number of Restricted Shares	Number of Restricted Shares that convert to Shares on 2 December 2023	Number of Restricted Shares that convert to Shares on 2 December 2024
Tim Crown	288,000	144,000	144,000
Cherryl Pressley	48,000	24,000	24,000
Mark Osborne	48,000	24,000	24,000

#### **Pre-Listing Share Rights Scheme**

Blackpearl Group has granted up to 2,024,952 rights to Shares under its existing employee share rights scheme. See "Pre-Listing Share Rights Scheme" on page 58 for more information.

#### Issue of Shares and other equity securities

Under the Company's constitution, the board may issue Shares or other equity securities to any person and in any number it thinks fit. The issue of further Shares that rank equally with, or in priority to, any existing Shares, whether as to voting rights, distributions or otherwise, is deemed not to be an action affecting the rights attaching to those existing Shares. However, the issue of new equity securities in Blackpearl Group is governed by the NZX Listing Rules, which requires the approval by ordinary resolution of the holders of the Shares to the issue of new equity securities, except in certain circumstances set out in the NZX Listing Rules.

#### **Director remuneration and benefits**

The overall director fee pool (the total fees available for payment to directors in their capacity as directors) has been fixed at a maximum of NZ\$320,000 per annum.

The board may allocate the director fee pool among the directors as the board sees fit from time to time. The allocation of the director fee pool will be recorded in the Company's annual report each year.

For the two years from 1 December 2022 (i.e. 1 December 2022 to 30 November 2024), the board has resolved to allocate the director fee pool as follows:

- NZ\$180,000 per annum to the role of Chair; and
- · NZ\$70,000 per annum to each other director (other than executive directors).

Executive directors are not remunerated in their capacity as a director. As at the date of this Profile, Nick Lissette is the sole executive director.

However, in order to preserve cash in the Company and align (or further align) the interests of the non-executive directors with the Company, the board and each non-executive director have agreed that the Company will issue to the non-executive directors Restricted Shares in part or full payment of director fees for the period from 1 December 2022 to 30 November 2024. The Restricted Shares were issued before listing on 29 November 2022 and are described in further detail under the heading "Other equity securities of Blackpearl Group - Restricted Shares" on page 51.

The following table sets out how the board expects each non-executive director in office as at the date of this Profile will receive their allocation from the director fee pool for the period from 1 December 2022 to 30 November 2024:

Director	Form of director fees payable from 1 December to 30 November 2024		
Tim Crown	Restricted Shares	Before listing, Tim Crown has been issued 288,000 Restricted Shares at an issue price of NZ\$1.25 (with a total value of NZ\$360,000) as full prepayment of the director fees allocated to him in the above period.	
		The Restricted Shares will convert to Shares in accordance with the terms of issue and timetable described under the heading "Other equity securities of Blackpearl Group Restricted Shares" on page 51.	
	Cash	Tim Crown will not receive director fees in cash for the above period.	
Mark Osborne	Restricted Shares	Before listing, Mark Osborne has been issued 48,000 Restricted Shares at an issue price of NZ\$1.25 (with a total value of NZ\$60,000) as part prepayment of the director fees allocated to him in the above period.  The Restricted Shares will convert to Shares in accordance with the terms of issue and timetable described under the heading "Other equity securities of Blackpearl Group Restricted Shares" on page 51.	
	Cash	<ul> <li>Mark Osborne will receive director fees in cash as follows:</li> <li>NZ\$40,000 in the year from 1 December 2022 to 30 November 2023; and</li> <li>NZ\$40,000 in the year from 1 December 2023 to 30 November 2024.</li> </ul>	

Director	Form of director fees payable from 1 December to 30 November 2024	
Cherryl Pressley	Restricted Shares	Before listing, Cherryl Pressley has been issued 48,000 Restricted Shares at an issue price of NZ\$1.25 (with a total value of NZ\$60,000) as part prepayment of the director fees allocated to her in the above period.  The Restricted Shares will convert to Shares in accordance with the terms of issue and timetable described under the heading "Other equity securities of Blackpearl Group Restricted Shares" on page 51.
	Cash	<ul> <li>Cherryl Pressley will receive director fees in cash as follows:</li> <li>NZ\$40,000 in the year from 1 December 2022 to 30 November 2023; and</li> <li>NZ\$40,000 in the year from 1 December 2023 to 30 November 2024.</li> </ul>

The table below sets out the total of the remuneration and the value of other benefits received by each director or proposed director of Blackpearl Group, in respect of Blackpearl Group or any other member of Blackpearl Group's group during FY2022 and expected to be received in FY2023.

Director or proposed director	Total remuneration and value of other benefits received in FY2022	Expected remuneration and value of other benefits expected to be received in FY2023
Tim Crown	NZ\$0	NZ\$360,000 (being the value of the Restricted Shares issued to Tim Crown in FY2023) <sup>1</sup>
Nick Lissette	NZ\$330,464 <sup>2</sup>	NZ\$290,378 <sup>3</sup>
Mark Osborne	NZ\$0	NZ\$83,333.33 <sup>4</sup>
Cherryl Pressley	NZ\$0	NZ\$83,333.33 <sup>5</sup>

- <sup>1</sup> On 29 November 2022, Tim Crown was issued 288,000 fully paid Restricted Shares for nil consideration, with each Restricted Share having an issue price of NZ\$1.25. The Restricted Shares are issued instead of the director fees otherwise payable to Tim Crown from 1 December 2022 to 30 November 2024. The Company will not pay Tim Crown director fees in cash from 1 December 2022 to 30 November 2024.
- <sup>2</sup> NZ\$270,880 of remuneration was paid to NJL Limited (in respect of which Nick Lissette is the sole director and shareholder) for contracting services as CEO of Blackpearl Group. NZ\$59,584 represents the value of share rights granted to Per Aspera Ad Astra Trust (a trust in respect of which Nick Lissette is a trustee and beneficiary) in FY2022 (see "*Pre-Listing Share Rights Scheme*" on page 58 for a description of the nature of the share rights).
- <sup>3</sup> NZ\$180,378 of remuneration was, or will be, paid to NJL Limited (in respect of which Nick Lissette is the sole director and shareholder) for contracting services as CEO of Blackpearl Group from 1 April 2022 to 30 November 2022. From 1 December 2022, Nick Lissette will be employed by Blackpearl Group as CEO, with an annual base salary of NZ\$330,000. The salary as CEO of Blackpearl Group Nick Lissette will receive for the remainder of FY2023 is NZ\$110,000.
- <sup>4</sup> The remuneration and value of other benefits that Mark Osborne is expected to receive in FY2023 is made up of:
  - (a) the value of the Restricted Shares issued to Mark Osborne on 29 November 2022, in part prepayment of the director fees allocated to Mark Osborne for the period from 1 December 2022 to 30 November 2024; and
  - (b) NZ\$13,333.33 of director fees payable to Mark Osborne in cash for the period from 1 December 2022 to 31 March 2023 (being the remainder of FY2023), on the basis that as at the date of this Profile, Mark Osborne will receive director fees in cash at a rate of NZ\$40,000 per annum.
- <sup>5</sup> The remuneration and value of other benefits that Cherryl Pressley is expected to receive in FY2023 is made up of:
  - (a) the value of the Restricted Shares issued to Cherryl Pressley on 29 November 2022, in part prepayment of the director fees allocated to Cherryl Pressley for the period from 1 December 2022 to 30 November 2024; and
  - (b) NZ\$13,333.33 of director fees payable to Cherryl Pressley in cash for the period from 1 December 2022 to 31 March 2023 (being the remainder of FY2023), on the basis that, as at the date of this Profile, Cherryl Pressley will receive director fees in cash at a rate of NZ\$40,000 per annum.

The directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at board or shareholder meetings, or otherwise in connection with the Blackpearl Group business.

# **Employee remuneration and other benefits**

The number of employees or former employees of Blackpearl Group who, not being directors of Blackpearl Group, in FY2022 received remuneration and any other benefits in their capacity as employees that was NZ\$100,000 per annum or more are shown in the table below.

Remuneration (NZ\$)	No. of Employees
\$100,001 - \$110,000	2
\$130,001 - \$140,000	1
\$140,001 - \$150,000	3
\$160,001 - \$170,000	1
\$170,001 - \$180,000	1
\$210,001 - \$220,000	1
\$220,001 - \$230,000	1

Blackpearl Group expects the remuneration and other benefits of its employees during FY2023 to increase due to future growth and employment of new key talent. The following table reflects the expected remuneration bands from NZ\$100,000 per annum for Blackpearl employees for FY2023:

Remuneration (NZ\$)	No. of Employees
\$100,001 - \$110,000	3
\$120,001 - \$130,000	3
\$130,001 - \$140,000	1
\$140,001 - \$150,000	2
\$160,001 - \$170,000	1
\$170,001 - \$180,000	1
\$190,001 - \$200,000	1

Remuneration (NZ\$)	No. of Employees
\$210,001 - \$220,000	2
\$260,001 - \$270,000	1
\$280,001 - \$290,000	1

# **Employee incentives**

#### **Pre-Listing Share Rights Scheme**

Blackpearl Group has an existing employee share rights scheme (**Pre-Listing Share Rights Scheme**), under which Blackpearl Group has granted current or former employees and independent contractors rights to Shares. Under the Pre-Listing Share Rights Scheme, current and former employees and independent contractors were granted rights to Shares either:

- (a) after completing specified periods of service (the period of time varies, but typically the service length is two years and share rights vest in two tranches, with 50% of share rights vesting after 12 months and the remaining 50% vesting after 24 months); or
- (b) as recognition for performed services.

Once vested, the share rights are held in trust for the current or former employee, director or independent contractor until the employee, director or independent contractor requests in writing that the Share is issued or transferred to them or Blackpearl Group notifies the employee, director or independent contractor in writing that the Share will be issued or transferred to them. Once vested, each share right is able to be exercised for one ordinary Share. The exercise price is nil per Share. The share rights have no expiry date. Before notice is given by either party, the Shares are not issued and the share rights carry no voting rights, no right to the payment of dividends and no rights on liquidation of the Company.

These share rights are treated as treasury shares for accounting purposes and are therefore not included in Blackpearl Group's issued shares or in the calculations of implied market capitalised or implied enterprise value in this Profile.

Blackpearl Group holds 1,850,136 share rights on trust for current and former employees, directors and independent contractors. There are 174,816 unvested share rights as at the date of this Profile. The number of unvested share rights and the relevant vesting periods are set out in the table below:

Vesting Period	Number of share rights
FY 2023	65,556
FY 2024	65,556
FY 2025	43,704

No further share rights will be offered under the Pre-Listing Share Rights Scheme.

#### Other employee or independent contractor incentives

Under separate Agreements to Provide Services entered into with each of the following independent contractors to NewOldStamp Limited, Blackpearl Group has offered to issue the following Shares on the following issue dates. The Shares will be issued provided that the relevant Agreement to Provide Services remains in effect and notice to terminate has not been given by either party as at the relevant issue date. The Shares have an issue price to be determined at the date of issue but will be issued as fully paid for nil consideration.

Independent contractor	Number of Shares to be issued under relevant Agreement to Provide Service
Volodymyr Zastavnyy	364,200 Shares, with 182,100 to be issued on 1 November 2023 and 182,100 to be issued on 1 November 2024 (in each case provided the relevant conditions have been met).
Valerii Androshchuk	87,408 Shares, with 43,704 to be issued on 1 November 2023 and 43,704 to be issued on 1 November 2024 (in each case provided the relevant conditions have been met).
Olga Zabalkanska	87,408 Shares, with 43,704 to be issued on 1 November 2023 and 43,704 to be issued on 1 November 2024 (in each case provided the relevant conditions have been met).

#### New Short Term Incentive Plan for Senior Executives and New Employee Share Scheme

Following its Listing on the NZX Main Board, Blackpearl Group intends to establish a new short term incentive plan, to incentivise and retain senior executives, and a new employee share scheme, to incentivise and retain employees. No grants or issuances under the new short term incentive plan or new employee share scheme have been made as at the date of this Profile.

# **Material interests in Blackpearl Group**

Crown BP Holdings, LLC entered into a promissory note (Promissory Note) and a general security agreement (General Security Agreement) with Blackpearl Group on 24 November 2022. Tim Crown is a director of Blackpearl Group and has a relevant interest in Crown BP Holdings, LLC, as a manager (through his membership of Anchor Management, LLC) and a member of Crown BP Holdings, LLC. The Promissory Note provides Blackpearl Group with additional working capital and was sought to increase the cash reserves of Blackpearl Group from listing at a low interest servicing cost to Blackpearl Group. One reason for Blackpearl Group undertaking this listing is to increase its access to new capital and the Promissory Note gives Blackpearl Group time, if necessary, to complete its listing, make progress against its business plan, introduce its business to the investment community and then look to raise capital to further support its growth and repay the Promissory Note. If market conditions are not suitable for raising capital, Blackpearl Group would look to replace the Promissory Note with another form of debt or look to agree with Crown BP Holdings, LLC to extend or renegotiate the terms of the Promissory Note. Any variation to the terms of the Promissory Note may be subject to the related party transactions restrictions in the NZX Listing Rules. Any initial capital raisings by Blackpearl Group are likely to be in the form of placements to wholesale investors as it looks to expand its shareholder base.

Under the Promissory Note, Crown BP Holdings, LLC has advanced NZD\$2.4 million to Blackpearl Group for a period of 26 months. Blackpearl Group has satisfied an origination fee by way of an issue of 2.5 million Warrants to Crown BP Holdings, LLC, with each Warrant having the right to purchase an ordinary Share for a strike price of \$0.01 per Warrant. The Warrants can be exercised 6 months after issue, being 24 May 2023, with an expiry date of 24 May 2028. Any Warrants held by Crown BP Holdings, LLC after the expiry date will lapse and be of no further effect.

Blackpearl Group will pay interest on the unpaid balance under the Promissory Note at a rate of one percent (1%) per annum, payable quarterly in arrears during the term of the Promissory Note. Blackpearl Group must pay 50% of the principal amount by 23 December 2023 and must pay the remaining 50% in full by 23 January 2025. Blackpearl Group can repay the Promissory Note at any time, without penalty. Under the General Security Agreement, Blackpearl Group has granted to Crown BP Holdings, LLC first-ranking security interest in respect of all of Blackpearl Group's present and after acquired personal property to secure the amount outstanding under the Promissory Note.

Each of Blackpearl Group's senior leadership team have entered into employment agreements or independent contractor agreements with Black Pearl Group Limited or NewOldStamp Limited (as applicable).

Volodymyr Zastavnyy entered into the Agreement for Sale and Purchase of Business dated 28 October 2022 between Blackpearl Group Limited as purchaser, NewOldStamp Inc. as vendor and Volodymyr Zastavnyy, Olga Zabalankska and Valerii Androshchuk as covenantors dated 28 October 2022 for the purchase of the business and assets of NewOldStamp (Agreement for Sale and Purchase). Volodymyr Zastavnyy is a shareholder and the sole director of NewOldStamp Inc.

NewOldStamp Inc. entered into a Services Agreement with Blackpearl Group's wholly owned subsidiary, NewOldStamp Limited, for the provision of ongoing services in relation to the NewOldStamp business, including 27 independent contractors and related services. As stated above, Volodymyr Zastavnyy is a shareholder and the sole director of NewOldStamp Inc.

Insight Enterprises (NZ) Limited has provided hosting services to Blackpearl Group in FY2022, FY2021 and FY2020. Tim Crown is a director of Blackpearl Group Limited and Insight Enterprise Inc. (a US entity), which is a related party of Insight Enterprises (NZ) Limited.

Blackpearl Group has granted indemnities, as permitted by the Companies Act 1993, in favour of each of its directors. Blackpearl Group maintains insurance for its directors and officers.

# Other material governance disclosures

On Listing, the board will have in place the following board policies and other governance documents that are typical for a company listed on the NZX Main Board:

- Board Charter
- · Audit and Risk Committee Charter
- Code of Ethics
- · Continuous Disclosure Policy
- Diversity Policy
- · Financial Product Trading Policy
- · Remuneration Committee Charter
- · Remuneration Policy

#### (Policy Documents)

The Policy Documents align with the NZX Corporate Governance Code with the exception of:

- Recommendation 2.8: Blackpearl Group's board does not have a majority of independent directors, having two independent directors out of four directors.
- Recommendation 2.9: The Blackpearl Group Chairman (Tim Crown) is not an independent director. However, the Chairman and the CEO are separate people in accordance with that recommendation.

Following Listing, in accordance with the NZX Listing Rules and the constitution, the board will have the power to appoint additional directors (including an executive director) to the board from time to time, provided that any director appointed by the board must retire and seek re-appointment at the next annual shareholders' meeting of Blackpearl Group.

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# Key features of Blackpearl Group's Shares

# **Key features**

All Shares quoted on Listing will be fully paid ordinary shares in Blackpearl Group which will rank equally with each other and all other ordinary shares in Blackpearl Group on issue. The key features of the Shares will not differ from those that apply to ordinary shares in Blackpearl Group or a company generally.

Shareholders who wish to sell their Shares on the NZX Main Board after Listing must contact a broker and have a Common Shareholder Number (CSN) and an authorisation code (FIN).

# **Dividend Policy**

The payment of a dividend by Blackpearl Group is at the discretion of the board and will be a function of a number of factors, including the general business environment, operating results, investment opportunities and financial condition of Blackpearl Group.

While it is the aim of Blackpearl Group that, in the longer term, its financial performance and position will enable the payment of dividends, at the date of this Profile, Blackpearl Group does not intend, or expect, to declare or pay any dividends in the immediately foreseeable future, given Blackpearl Group's focus on long term growth.

# What you need to do to sell your Shares

If you wish to sell your Shares on the NZX Main Board, after Listing, you must contact a NZX Market Participant (Find a Participant - NZX, New Zealand's Exchange) (NZX Firm) and have a CSN and a FIN. Opening a new NZX Firm account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN, you will:

- · be assigned one when you set up an account with an NZX Firm; or
- receive one from the Share Registrar.

If you do not have a FIN it is expected that you will be sent one as a separate communication by the Share Registrar. If you have a NZX Firm and have not received a FIN by the date you want to trade your Shares, your NZX Firm can obtain one, but may pass the cost for doing so on to you. In certain cases where NZX Firm is a bare trustee structure to hold your Shares, you may not have a CSN or a FIN. Please contact your NZX Firm to determine what you need to do to sell your Shares.

If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.



# Blackpearl Group's financial information

These tables provide key financial information about Blackpearl Group. Full financial statements are available at <a href="https://www.nzx.com/companies/BPG/documents">www.nzx.com/companies/BPG/documents</a>. If you do not understand this financial information, you can seek advice from a financial advice provider or an accountant.

# Financial information presented

The table of selected financial information contained in this profile is pro forma historical financial information. Blackpearl Group considers that pro forma information will assist investors by providing better comparability regarding the group financials for future periods.

As a listed entity, Blackpearl Group will continue to prepare all its future financial statements to NZ GAAP (Tier 1) standards.

# **Acquisition of NewOldStamp**

On 1 November 2022 Blackpearl Group acquired the NewOldStamp business from NewOldStamp Inc. NewOldStamp Inc's financial information includes both information relating to the NewOldStamp business, and the revenue, expenses, assets and liabilities of the MySignature business. Blackpearl Group only acquired the business and certain assets from the NewOldStamp business segment. Special purpose financial statements were prepared for the purpose of "carving out" the business of NewOldStamp from NewOldStamp Inc.'s other financial information (Carve Out Financial Statements).

The total consideration for the acquisition of the NewOldStamp business satisfied or to be satisfied by Blackpearl Group is NZ\$4,858,691 and USD\$150,000. Blackpearl Group outlines below the expected accounting treatment for the consideration, which includes a completion payment, a contingent payment and a post-combination remuneration payment. This provides an indication of how Blackpearl Group expects, as at the date of this Profile, the consideration payable will appear in Blackpearl Group's group financial statements for FY2023.

#### **Completion payment**

Cash consideration of NZD\$783,800.

Issue of NZD\$999,729 of Shares at an issue price of NZ\$1,821 per Share 1

#### Contingent consideration payments due to be paid in 12 months

Issue of Shares valued at NZD\$1,180,899.

#### Contingent consideration payments due to be paid in 24 months

Issue of Shares valued at NZD\$1,007,900.

<sup>1</sup> The Shares have subsequently been subject to a share split at a ratio of 1456.8:1 outlined in page 76 under the heading *"Capitalisation Table"* 

#### Payments to shareholders of NewOldStamp Inc.

As part of the transaction the shareholders of NewOldStamp Inc. are entitled to an additional issue of Shares (above the consideration shown above) if they remain contracted by NewOldStamp Limited (Blackpearl Group's wholly owned New Zealand subsidiary) for 12 and 24 months. These payments are considered to be post-combination remuneration payments and are not included, for accounting purposes, in the contingent consideration payments for the NewOldStamp business set out above. Instead, these are accounted for as an expense in the future at the time they are earned. The total expected value of Shares issued to shareholders of NewOldStamp Inc. from the arrangement is NZD\$1,119,648.

Further information regarding the accounting treatment of the acquisition of the NewOldStamp business is available in the Supplementary Financial Information.

#### Pro forma historical financial information

The pro forma historical financial information presented in this section has been derived from the historical information referred to below, adjusted to NZ GAAP for Blackpearl Group for the year ended 31 March 2020 and adjusted for structural changes from the acquisition of the NewOldStamp business and assets for the historical periods from 1 April 2020 until 30 September 2022 (the relevant historical period).

Adjustments for structural changes in the business include:

- amalgamating the results of the NewOldStamp business and Blackpearl Group for the relevant historical period;
- recognising intangible assets assumed to be recognised on completion of the NewOldStamp business acquisition. For the purposes of pro forma information, no adjustments for amortisation have been recognised in the relevant historical period; and
- removing external borrowing and cash balances in NewOldStamp Inc, which were not transferred as part of the NewOldStamp business acquisition.

For the purposes of the pro forma financial information, no other adjustments have been made regarding listing costs, efficiencies or synergies or future changes in cost structures.

Further details of these adjustments and NZ GAAP reconciliations are included in the Supplementary Financial Information.

Historical financial information used in the preparation of the pro forma financial information is outlined below.

# **Blackpearl Group**

Historical financial information for Blackpearl Group comprises of the following:

- unaudited interim group financial statements for Blackpearl Group for the period from 1 April 2022 to 30 September 2022 prepared in accordance with NZ IAS 34;
- audited Blackpearl Group financial statements for 31 March 2022, together with the auditor's report on those statements;
- audited special purpose financial statements (in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities 2018 as issued by Chartered Accountants Australia New Zealand) for Black Pearl Mail Limited (NZ entity only) for 31 March 2021;
- unaudited special purpose financial statements (in accordance with the requirements of the Tax Administration Act 1994 and the accounting policies described in the notes to the financial statements) for Black Pearl Mail Limited (NZ entity) and Black Pearl Mail, Inc. (US entity) for 31 March 2021; and
- unaudited special purpose financial statements (in accordance with the requirements of the Tax Administration Act 1994 and the accounting policies described in the notes to the financial statements) for Black Pearl Mail Limited (NZ entity) and Black Pearl Mail, Inc. (US entity) for 31 March 2020.

# NewOldStamp

Historical financial information for NewOldStamp comprises the following.

- Unaudited special purpose Carve Out Financial Statements (for the purposes of enabling management to consider the performance of the NewOldStamp business segment and consistent with the policies described in the financial statements) for the "carved out" business for 31 March 2022, including comparative information for 31 March 2021.
- Unaudited special purpose Carve Out Financial Statements (for the purposes of enabling management to consider the performance of the NewOldStamp business segment and consistent with the policies described in the financial statements) for the "carved out" business for an interim accounting period from 1 April 2022 to 30 September 2022.

NewOldStamp Inc. was incorporated on 11 June 2019 but the NewOldStamp business commenced trading materially through NewOldStamp Inc. in December 2019 (therefore only materially trading for four months in the year ended 31 March 2020). As a result, Blackpearl Group decided not to prepare Carve Out Financial Statements for the NewOldStamp business within NewOldStamp Inc. for the year ended 31 March 2020. As the 31 March 2021 financial information is available in the 31 March 2022 financial statements, no 31 March 2021 financial statements have been prepared.

# Carve out financial statements of NewOldStamp

To compile the Carve Out Financial Statements of the NewOldStamp business operating within NewOldStamp Inc., Blackpearl Group relied on unaudited financial information provided by NewOldStamp Inc., which was set out in the Agreement for Sale and Purchase in relation to the acquisition of the NewOldStamp business. Blackpearl Group, alongside NewOldStamp Inc., identified the revenue, expenses, assets and liabilities related to the NewOldStamp business operating within NewOldStamp Inc. Under the Agreement for Sale and Purchase in relation to the acquisition of the NewOldStamp business, NewOldStamp Inc. and each shareholder of NewOldStamp Inc. (as covenantors) gave warranties to Blackpearl Group that:

- (a) NewOldStamp Inc. provided to Blackpearl Group all information in relation to the accounts of the NewOldStamp business for the period from 1 April 2020 to 30 September 2022;
- (b) all information provided was true, complete and accurate in all respects and not misleading;
- (c) NewOldStamp Inc. accurately notified Blackpearl Group of any income and expenses within the information provided that was not income and expenses of the NewOldStamp business or was partially income and expenses of the NewOldStamp business (including the percentage attributable to the NewOldStamp business); and
- (d) the income and expenses within the information provided that was identified as relating to the NewOldStamp business presented a true and fair view of the income, expenses and financial performance of the NewOldStamp business, were correct and accurate in all respects and were not affected by any unusual or non-recurring item.

In addition, Blackpearl Group summarises below how it verified the information provided in relation to the NewOldStamp business (and further details of that verification are available in the notes to the NewOldStamp Business Carve Out Financial Statements for the year ended 31 March 2022 and six months ended 30 September 2022):

• Revenue was identified via the billing system, which contains detailed information of each subscription. This enabled clear identification of revenue for inclusion.

- · Administration expenses were identified individually and included.
- Contractor expenses were identified by the time spent on each portion of the business. This was done via estimation, with the majority of expenses allocated to the NewOldStamp business and included in the Carve Out Financial Statements.
- Cash and bank balances and loans were identified directly, and minimal judgement was required.

Blackpearl Group assessed the measurement of revenue, expenses, assets and liabilities and considered the treatments materially aligned to NZ GAAP for the purposes of inclusion in the pro forma information. Judgements applied are outlined in NewOldStamp Business Carve Out Financial Statements for the year ended 31 March 2022 and six months ended 30 September 2022.

On that basis, Blackpearl Group prepared the standalone Carve Out Financial Statements for the NewOldStamp business segment within NewOldStamp Inc.

## **Business combination**

The acquisition of the NewOldStamp business constitutes a business combination for accounting purposes. Blackpearl Group is still assessing the impact of the business combination for the period. Blackpearl Group outlines the initial provisional treatment in the Supplementary Financial Information.

## Financial reporting standards:

Black Pearl has reviewed the accounting policies for NewOldStamp Inc. and adjusted the management information for consistency with Blackpearl Group and alignment with NZ GAAP. No material adjustments were required from the Carve Out Financial Statements.

The financial information contained in this section has been prepared by Blackpearl Group, is presented in New Zealand dollars, and is rounded to the nearest thousand, which may result in some discrepancies between the sum of the components and the totals within tables, and certain percentage calculations.

## **Selected financial information**

Financial year ended 31 March	Pro Forma	Pro Forma	Pro Forma	Pro Forma
NZD\$'000	Year ended 31 March 2021	Year ended 31 March 2022	Half year ended 30 September 2021	Half year ended 30 September 2022
Revenue	1,208	1,815	893	1,163
EBITDA	(5,603)	(4,407)	(1,927)	(3,033)
Net profit (loss) after tax	(5,507)	(4,373)	(2,017)	(3,121)
Dividends on all equity securities of Black Pearl	-	-	-	-
Total assets	7,587	4,929	N/A	5,064
Cash and cash equivalents	2,520	117	N/A	423
Total liabilities	2,044	2,252	N/A	2,367
Total debt	341	368	N/A	378
Net cash flows from Operating Activities	(4,692)	(3,721)	N/A	(2,752)

## Notes to table:

- Pro forma financial information has been sourced from audited and unaudited financial statements and management reports that are available on Blackpearl Group's website. Details for the pro forma adjustments can be found in the Supplementary Financial Information.
- 2. EBITDA refers to earnings before interest, tax, depreciation and amortisation. EBITDA and pro forma EBITDA are non-GAAP profit measures. No adjustments to EBITDA have been made apart from amalgamating NewOldStamp and Blackpearl Group. See the Supplementary Financial Information for a reconciliation.

- 3. Intangible assets consist of internally generated software in Blackpearl Group and intangibles recognised on the acquisition of the NewOldStamp business. The split of the intangible assets from the acquisition is still being determined by Blackpearl Group. The balances displayed reflect the assumed values and are preliminary. See the Supplementary Financial Information for a reconciliation.
- 4. The pro forma debt position excludes external debt in NewOldStamp that was extinguished in the transaction. See the Supplementary Financial Information for a reconciliation.
- 5. Pro forma information for the year ended 31 March 2020 is not included in the Selected Financial Information table. Blackpearl Group does not consider this proforma information to be material or relevant information on the basis that:
  - a) NewOldStamp Inc. was incorporated in June 2019 but the NewOldStamp business commenced trading materially through NewOldStamp Inc. in December 2019 (therefore only materially trading for four months in the year ended 31 March 2020). Its financial information from that period, including its revenue in its start-up phase, is not material information.
  - b) The financial information in relation to Blackpearl Group for the year ended 31 March 2020 has not been converted to NZ GAAP, with material variations in relation to lease adjustments, revenue and the depreciation and amortisation of intangibles.
  - c) Blackpearl Group had a different business model during the year ended 31 March 2020. Prior to the COVID-19 pandemic, Blackpearl Group's sales strategy focused on sales through a partner network. This was disrupted by the COVID-19 pandemic and the Blackpearl Group pivoted its sales approach to sell to customers directly, and to invest in the ongoing development of the Pearl Engine.
  - d) Overall, Blackpearl Group has decided not to include the pro forma information for the year ended 31 March 2020 based on the nature of the information and the change in Blackpearl Group's business direction and strategy since that time.

Blackpearl Group had made available its unaudited special purpose financial statements for Black Pearl Mail Limited (NZ entity) and Black Pearl Mail, Inc. (US entity) for 31 March 2020 at <a href="https://www.blackpearl.com/investor-centre">www.blackpearl.com/investor-centre</a>.

As explained above, Blackpearl Group has not made available any financial information in relation to the NewOldStamp business for the year ended 31 March 2020.

## **Capitalisation table**

The board has ascribed a listing price of NZ\$1.25 per Share (Listing Price) based on its view of the equity value of Blackpearl Group.

In ascribing the Listing Price, the board considered the equity raising conducted by Blackpearl Group in the 12 months immediately preceding the date of this Profile, where Blackpearl Group raised NZ\$6.2 million at a subscription price of NZ\$1,821 per Share. The new equity was raised from various investors including high profile individuals and an institutional investor.

Before listing, Blackpearl Group undertook a share split at a ratio of 1456.8:1, to provide a post-share split price of NZ\$1.25 per Share.

At the time of Listing, Blackpearl Group will have 96 registered holders. None have entered into escrow arrangements with Blackpearl Group in respect of their shareholdings.

The Listing Price implies the valuation metric as set out in the table below. The price at which Shares will be traded on the NZX Main Board following Listing will depend on the demand for, and supply of, Shares and will be subject to change.

Capitalisation table		
Number of shares on issue at Listing	34,753,864	
Listing price	\$1.25	
Implied market capitalisation	\$43.4million	
Net cash	\$4.3million	
Implied enterprise value	\$39.2million	

Implied market capitalisation is the value of all of Blackpearl Group's equity securities, as implied by the Listing Price. It tells you what the Company is proposing as the value of Blackpearl Group's equity.

Implied enterprise value is a measure of the total value of the business of Blackpearl Group, as implied by the Listing Price. Implied enterprise value is the amount that a person would need to pay to acquire all of Blackpearl Group's equity securities and to settle all of Blackpearl Group's borrowings. It is a measure of what the Company is proposing the business of Blackpearl Group as a whole is worth.

## **Supplementary Financial Information**

The following additional financial information is available at <a href="www.blackpearl.com/">www.blackpearl.com/</a> investor-centre.

## **Blackpearl Group**

- Unaudited interim group financial statements for Blackpearl Group for the period from 1 April 2022 to 30 September 2022 prepared in accordance with NZ IAS 34.
- Audited Blackpearl Group financial statements for 31 March 2022, together with the auditor's report on those statements.
- Audited special purpose financial statements (in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities 2018 as issued by Chartered Accountants Australia New Zealand) for Black Pearl Mail Limited (NZ entity only) for 31 March 2021.
- Unaudited special purpose financial statements (in accordance with the requirements of the Tax Administration Act 1994 and the accounting policies described in the notes to the financial statements) for Black Pearl Mail Limited (NZ entity) and Black Pearl Mail, Inc. (US entity) for 31 March 2021.
- Unaudited special purpose financial statements (in accordance with the requirements of the Tax Administration Act 1994 and the accounting policies described in the notes to the financial statements) for Black Pearl Mail Limited (NZ entity) and Black Pearl Mail, Inc. (US entity) for 31 March 2020.

## **NewOldStamp**

Historical financial information for NewOldStamp comprises the following.

- Unaudited special purpose Carve Out Financial Statements (for the purposes of enabling management to consider the performance of the segment and consistent with the policies described in the financial statements) for the "carved out" business for 31 March 2022, including comparative information for 31 March 2021.
- Unaudited special purpose Carve Out Financial Statements (for the purposes of enabling management to consider the performance of the segment and consistent with the policies described in the financial statements) for the "carved out" business for an interim accounting period from 1 April 2022 to 30 September 2022.

## Other items

The principal assumptions on which the proforma historical information in this section have been prepared include reconciliations between:

- Information prepared in accordance with NZ GAAP and the pro forma information presented in the table headed Selected Financial Information above.
- EBITDA to NZ GAAP measures.



# Risks to Blackpearl Group's business and plans

## Introduction

This section describes the risks that Blackpearl Group is aware of that exist or are likely to arise that significantly increase the risk to Blackpearl Group's financial position, financial performance or stated plans. We have outlined our assessment of the likelihood, nature, and potential magnitude of circumstances if they were to occur. This assessment is based on the knowledge of the board as at the date of this Profile. There is no guarantee or assurance that the importance of each risk will not change or that other risks will not emerge over time.

## Dependence on third party service providers such as Google and Microsoft

#### What is it?

Blackpearl Group's Black Pearl Mail and NewOldStamp SaaS solutions and applications integrate with third party service providers' platforms, including Google and Microsoft email. Leveraging off these third party service providers' platforms, Blackpearl Group is able to provide enhanced email and email analytics services for BlackPearl Group's customers. Third party providers such as Google or Microsoft could undertake updates or changes to their platforms that materially impact the features, functionality and quality of service ordinarily provided by Blackpearl Group's SaaS solutions, such as, the sudden inability to provide data insights. Other more minor or day-to-day updates or outages by third party providers could affect the smooth running of Blackpearl Group's SaaS solutions and applications.

#### Why is it significant?

Certain major updates and system changes by third party service providers such as Google and Microsoft may, depending on the system change, materially impact the functionality and quality of the services provided by Blackpearl Group's applications. At the most extreme, there is a risk that a major update or system change could render some of the services offered by Blackpearl Group ineffective or the third party service provider could compete with Blackpearl Group's services offering a similar service themselves. If this occurred, there is a risk that this could result in the termination of customer contracts. This would have a flow on effect on the reputation of Blackpearl Group and its applications which may hinder the organic growth of the Company and impact the value of Blackpearl Group's name within its industry and competitive landscape. Other minor or day-to-day updates or outages could affect the smooth running of Blackpearl Group's applications.

## Our assessment of the likelihood, nature, and potential magnitude of any impact

Third-party platforms and service providers in the technology space regularly update their products and services. Blackpearl Group has systems, processes and experts that ensure the technology is keeping up to date with any changes or updates made by these providers. Blackpearl Group considers that the likelihood of a significant or long-term outage is low, with most outages resolving within a short duration of time.

While there is a risk of a major systemic change or disruption that materially impacts on the features and functionality or quality of Blackpearl Group's SaaS solutions and applications, Blackpearl Group considers that the likelihood of a system change of this size and nature occurring is low and would be of a magnitude that is likely to affect other service providers that integrates with the third party platform, for example spam filters, customer relationship management (CRM), marketing automation platforms and calendar invitations.

Blackpearl Group seeks to mitigate the risk of updates, outages and major systemic changes or disruptions through:

- having systems, processes and experts in place that ensure the Company's technology is up to date with changes or updates made by third party providers;
- the Black Pearl Mail and NewOldStamp SaaS solutions integrate with third party service providers in different manners, diversifying the customer base that any change or update may affect;
- undertaking R&D on the Pearl Engine platform and the Blackpearl Group's SaaS solutions and applications to improve features and functionality and develop new features and functionality; and
- the Blackpearl Group's Acquisition Strategy that provides the opportunity for the Company to diversify the platforms that Blackpearl Group's SaaS solutions and applications use (for example, other communications technologies).

## Security breaches and unauthorised access to customer data

#### What is it?

Blackpearl Group's applications involve the processing and the cloud hosting and storage of customer's information, including email addresses and information regarding the customer's organisational structure. There is a risk that unauthorised access or security breaches to the applications could result in the leak of information or the temporary inability to access the application's features. There is a risk that security breaches and incidents could result in potential enforcement action and monetary fines from data protection authorities, litigation by customers, termination of customer contracts, potential indemnity obligations, and potential remediation costs.

## Why is it significant?

Security breaches and incidents could result in Blackpearl Group facing potential enforcement action and monetary fines from data protection authorities, litigation by customers, termination of customer contracts, potential indemnity obligations, and potential remediation costs. Further, the occurrence of such security breaches or incidents, or the perception that one has occurred, could also result in a loss of customer confidence in the security of Blackpearl Group's applications or damage the Blackpearl Group brand and reputation, reducing demand for the Blackpearl Group's applications and disrupting normal business operations.

#### Our assessment of the likelihood, nature and potential magnitude of any impact

Blackpearl Group takes advantage of top-tier cloud technology services to ensure optimal up-time, data privacy and end-user benefits. In relation to the data points stored, Blackpearl Group utilises top-tier infrastructure services that are manned 24x7 and have strict controls and procedures around access to any physical infrastructure. All data centre facilities are ISO 27001, and SOC II certified

The likelihood of a security breach or incident is different for each of Blackpearl Group's SaaS solutions.

The content of sender's emails pass through the Black Pearl Mail SaaS solution's cloud-based servers for branding and data priming. The Black Pearl Mail SaaS solution operates a 'Tag and Release' policy in regards to the content of emails passing through its service. This means, by design, customer email messages through the Black Pearl Mail SaaS solution and applications will only be held on Blackpearl Group's cloud-based servers for a few seconds or less. Once the email is delivered, no record of email

content is retained. The only data that is stored is email server metadata (e.g. sender, recipient, datetime stamp, subject line etc.). Processing email via third party servers (including Black Pearl Mail SaaS solution) can increase security risks including data leaks and outages.

The NewOldStamp SaaS solution and applications do not have emails routing through their cloud-based servers in the same way as the Black Pearl Mail SaaS solution and applications. The NewOldStamp SaaS solution may have a lesser security risk than the Black Pearl Mail SaaS solution.

In any case, Blackpearl Group considers that any potential leak of email data would be rare.

## Strategic acquisition risk

#### What is it?

While Blackpearl Group will be growing organically, the Blackpearl Group will seek strategic acquisition opportunities in order to build a customer base at a lower cost than using an organic sales process.

Blackpearl Group will integrate acquisitions into its group and look to cross-sell and up-sell to the acquired customer base. There are a number of inherent risks with strategic acquisitions, including the risk of acquired businesses not producing the forecasted revenue or cost synergies, risks around integration of the acquired business into the Blackpearl Group business and risks around transfer and legal ownership of intellectual property of the acquired businesses.

## Why is it significant?

Blackpearl Group's performance against it's Acquisition Strategy is dependent on the efficient allocation of capital into initiatives that generate positive returns. The allocation of capital to a non-performing acquisition or failed integration into the Blackpearl Group is at the opportunity cost of investing in a different acquisition opportunity, marketing campaign, or research and development project. A non-performing acquisition or an incomplete or unsuccessful integration into the Blackpearl Group may result in the partial or complete write-off of the capital invested. Blackpearl Group's ability to achieve revenue growth through strategic acquisitions is dependent on identifying appropriate acquisition targets, negotiating appropriate terms with them, and being able to source adequate capital to fund the acquisition.

## Our assessment of the likelihood, nature, and potential magnitude of any impact

Blackpearl Group has a thorough technical, financial and legal due diligence process and Acquisition Strategy to assist the Company to make deliberate and planned steps alongside a business plan in support of each acquisition. To gain the support of Blackpearl Group's management and board, a business case needs to demonstrate positive returns and/or strategic advantages underpinned by a consistent and thorough due diligence process, albeit such processes are in each case dependent on the quality of information provided by the target company. Blackpearl Group notes that there are risks amounting from elements that are outside of Blackpearl Group's control that can impact the outcome and success of an acquisition, such as a global pandemic.

## **Refinancing Risk**

#### What is it?

Blackpearl Group owes NZ\$2.4 million under the Promissory Note and is liable to repay this amount in two instalments - \$1.2 million on 23 December 2023 and \$1.2 million on 23 January 2025.

#### Why is it significant?

Blackpearl Group is not currently profitable and, as it looks to grow its business over the term of the Promissory Note, it is unlikely to be able to fund repayment of the Promissory Note from its operating cashflows. It is likely that Blackpearl Group will need to fund repayment of the Promissory Note through raising new capital.

## Our assessment of the likelihood, nature and potential magnitude of any impact

Blackpearl Group will require new capital to fund a number of the growth strategies outlined in this Profile. A key reason for seeking an NZX listing was to enhance Blackpearl Group's ability to raise capital. Blackpearl Group considers that if it can deliver on its business strategies and build awareness of the business prospects for Blackpearl Group in the investment community, it should be successful in securing new capital to repay the Promissory Note and also to fund its growth plans. Blackpearl Group is cautious that its ability to raise capital is subject to prevailing, general market and economic conditions. The Promissory Note has been deliberately structured to be repaid in two tranches, to give Blackpearl Group time and flexibility for raising funds for full repayment.

The Promissory Note is secured over the assets of Blackpearl Group and a failure to meet its repayment obligations (unless a variation was negotiated and agreed with the lender) could result in the lender enforcing its security which could force Blackpearl Group into receivership and/or liquidation. That would most likely cause a total loss of investment for Blackpearl Group shareholders. Alternatively, if Blackpearl Group raises insufficient capital to both repay the Promissory Note and fund its growth plans, it may need to prioritise repayment of the Promissory Note over investment in growth.

## Inability to protect intellectual property rights

#### What is it?

Blackpearl Group is a software business with a large proportion of the Company's assets being intellectual property including software code, business processes, know-how, copyright and trade marks. Blackpearl Group relies on such intellectual property rights and there is a risk that it may fail to adequately protect its rights for a number of reasons. There is also a risk that certain intellectual property may be obtained (or inappropriately used) by third parties, for example, through certain breaches of agreements, fraud, or theft by third parties.

New competitors in the industries may enter the market in the future with similar services and applications as Blackpearl Group, or existing competitors or major email service providers, such as Microsoft and Google, may expand their service offerings and enhance their existing services to be similar to Blackpearl Group's applications (including, for example, improving their data analytics and insights).

#### Why is it significant?

Blackpearl Group's value to a large extent is attributed to its intellectual property and protection of these rights are critical for maintaining the Company's competitive position, reputation, and future revenues. If intellectual property rights are not adequately protected it may result in any of the following scenarios:

- certain intellectual property may be obtained (or inappropriately used) by third parties, for example, through certain breaches of agreements, fraud or theft;
- intellectual property being misused or misappropriated, including unauthorised use, disclosure, or reverse engineering of Blackpearl Group's technology;
- employees or third-party counter-parties inappropriately disclosing confidential information on its systems, policies, and procedures; and the value of Blackpearl Group may be negatively impacted;

- competitors that have significantly more financial and operational resources than Blackpearl Group may be able to develop products similar to Blackpearl Group's applications and gain a reputation in the market faster or may develop broader distribution relationships with sales partners and customers than Blackpearl Group; and
- increased competition could adversely impact Blackpearl Group's ability to attract and retain customers at the price at which it offers its products and services and reduce Blackpearl Group's market share.

#### Our assessment of the likelihood, nature, and potential magnitude of any impact

Blackpearl Group's key intellectual property is not in a registrable form, however, Blackpearl Group will continue to ensure the terms and conditions of employment contracts and contracts for independent contractors and consultants have no challenges to intellectual property developed in the course of the relevant employee/contractor's engagement with Blackpearl Group. Listing on the NZX will also further increase Blackpearl Group's branding and recognition.

There is a risk that actions taken by Blackpearl Group, such as data encryption, access controls, information classification and training and general awareness may not be adequate in all circumstances and may not prevent the misuse or misappropriation of intellectual property or deter the independent development of similar products by others. Further, although Blackpearl Group endeavours to enter into non-disclosure agreements with its employees, licensees and other third parties who may have access to intellectual property and confidential and proprietary information, Blackpearl Group cannot assure that these agreements or other steps the Company has taken will prevent unauthorised use, disclosure, or reverse engineering of its technology.

Another element that underpins Blackpearl Group's Acquisition Strategy is to buy into a market position that would otherwise take years to build. Blackpearl Group will aim to utilise any acquisitions to incorporate new and updated technologies, concepts and systems to maintain a competitive place in the market, both as an acquirer of SaaS technology companies and as a developer and provider of SaaS solutions and applications.

## **Employee attraction and retention**

#### What is it?

Blackpearl Group's continued success is dependent upon its ability to attract and retain skilled and qualified personnel both domestically and internationally, in particular, members of the senior leadership team, software engineers, and customer success and sales teams. The inability to attract and retain skilled personnel could slow development and maintenance of the Pearl Engine and Blackpearl Group's applications.

Blackpearl Group considers that there are factors that are within Blackpearl Group's control that affect employee retention and attraction rates, such as company culture and employee incentive packages. There are however, factors outside of the Company's control, such as staff shortages due to a global pandemic or a war, noting that Blackpearl Group has staff located globally, such as in the USA and Europe (including Eastern Europe).

## Why is it significant?

Blackpearl Group may not be able to attract and retain adequately skilled and experienced employees or be able to find effective replacements for individuals who leave Blackpearl Group, including in particular, members of the senior leadership team.

Blackpearl Group relies on the technological expertise of its employees to maintain and develop intellectual property. The loss of key personnel may lead to a loss of operational knowledge, technology capabilities, key partner and customer relationships and industry expertise, as well as delays in completing strategic acquisitions and in the development of the Pearl Engine and new software features or applications of Blackpearl Group's products.

## Our assessment of the likelihood, nature, and potential magnitude of any impact

One element that underpins Blackpearl Group's Acquisition Strategy is the procurement of talent and leading experts within the existing market, both domestically and internationally, and to diversify Blackpearl Group's presence globally. Blackpearl Group will also ensure that upon recruitment, the retention of key personnel and technical experts be a focus and priority for the smooth running of the business. This would be achieved through a combination of earn-out elements in sales and purchase agreements, competitive salary and employment packages and a focus on nurturing a motivating working environment.

## Real or perceived errors, failures, defects, or bugs

## What is it?

Blackpearl Group's products are constantly being developed and improved. There is a risk that undetected errors, defects, failures, or bugs may occur in Blackpearl Group's applications, or certain IT architecture especially when updates or capabilities are first introduced, or when new versions or updates are released, which may make solution processing capacity or other use ineffective, corrupt or unsuitable for the designed purpose, or incapable of scaling in line with customer expectations.

#### Why is it significant?

Errors or defects may make Blackpearl Group's applications ineffective or unsuitable for the designed purpose. The occurrence of such incidents may lead to customers becoming dissatisfied and ceasing to use Blackpearl Group's applications which could be damaging to Blackpearl Group's brand and reputation. Widespread or systematic bugs and defects could result in a disruption of normal business operations, requiring Blackpearl Group to spend resources to investigate or correct the errors or malfunctions and provide additional support to customers to resolve any issues. Blackpearl Group may be unable to retain customers or attract new customers, due to a poor reputation for quality, performance, and reliability.

#### Our assessment of the likelihood, nature, and potential magnitude of any impact

Incidents of solution malfunction or errors are likely for a business that frequently provides new features, updates, and add-ons to its software. Prior to commercial release, Blackpearl Group's solutions are put through several phases of testing including working with a small group of customers, to conduct 'real-world' usability testing. Once a solution has been commercially released, risk is further mitigated with a continued focus to deliver comprehensive customer support in the event of product failure, to minimise the negative impact on customers.



Tax

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of investing in the Shares, you should obtain professional advice on those consequences.

# Where you can find more information

Further information relating to Blackpearl Group (for example, Blackpearl Group's constitution and its financial statements) is available at <a href="https://www.blackpearl.com/investor-centre">www.blackpearl.com/investor-centre</a>.

Further information in relation to Blackpearl Group is available on the Companies Office register of the Ministry of Business, Information and Employment. This information can be accessed on the Companies Office website at <a href="https://www.business.govt.nz/companies">www.business.govt.nz/companies</a>.

Once listed, Blackpearl Group is required to make half-yearly and annual announcements to NZX and such other announcements as required by the NZX Listing Rules from time to time. You will be able to obtain this information free of charge from: <a href="https://www.nzx.com/companies/BPG/documents">www.nzx.com/companies/BPG/documents</a>.



# **Contact information**

Contact information	
Black Pearl Group Limited	Address: Level 14, 22 Willeston Street, Wellington Central, Wellington 6011, New Zealand Telephone number: +64 4 803 9390
Securities Registrar - Link Market Services Limited	Address: Level 30, PwC Tower 15 Customs Street West, Auckland CBD, Auckland 1010, New Zealand Telephone number: +64 9 375 5999
Legal Advisor – Duncan Cotterill	Address: Level 2, 50 Customhouse Quay, Wellington Central, Wellington 6011, New Zealand Telephone number: +64 4 499 3280
Auditor – Baker Tilly Staples Rodway Audit Limited	Address: Level 4, BNZ Building, 354 Victoria Street, Hamilton 3204, New Zealand  Telephone number: +64 7 834 6800

## Index

Term	Definition
Acquisition	means the acquisition of the business and certain assets of NewOldStamp completed on 1 November 2022.
Acquisition Strategy	means the acquisition strategy described under the heading "Acquisition Strategy" on pages 34-35 of the Profile.
Agreement for Sale and Purchase	means the Agreement for Sale and Purchase of Business dated 28 October 2022 between Blackpearl Group Limited as purchaser, NewOldStamp Inc. as vendor and Volodymyr Zastavnyy, Olga Zabalankska and Valerii Androshchuk as covenantors and dated 28 October 2022 for the purchase of the business and assets of NewOldStamp.
API	means Application Programme Interface.
Blackpearl Group or the Company	means Black Pearl Group Limited.
Carve Out Financial Statements	Special purpose financial statements prepared for the purpose of "carving out" the business of NewOldStamp that operated within NewOldStamp Inc. from the remainder of NewOldStamp Inc.'s financial information.
CSN	means Common Shareholder Number.
Data-to-Value Cycle	means the full life-cycle data enrichment process at the core of the Pearl Engine covering the capture, cleansing, transformation, analysis and visualisation of data, including customer data and email metadata.
FIN	means Faster Identification Number.
GAAP	means Generally Accepted Accounting Principles.
Listing Price	means NZ\$1.25 per Share.

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NZ IAS	means New Zealand Equivalent to International Accounting Standard.
NZX	means NZX Limited.
NZX Firm	means a NZX approved Market Participant.
Pearl Engine	means the Blackpearl Group's private and proprietary platform, the Pearl Engine, described on page 19 of the Profile.
Pre-Listing Share Rights Scheme	means the employee share rights scheme described in the section <i>"Employee incentives"</i> on page 58 of the Profile.
Profile	means this listing profile dated 29 November 2022.
R&D	means research and development.
Restricted Shares	means the restricted shares in the capital of Black Pearl Group Limited described in the section "Other equity securities of Blackpearl Group" on page 51 of the Profile.
SaaS	means Software as a Service.
Shares	means the ordinary shares in Black Pearl Group Limited.
SMB	means small-to-medium sized businesses.
USA	means the United States of America.
Warrants	means the 2,500,000 warrants issued by Blackpearl Group to Crown BP Holdings, LLC described in the section "Other equity securities of Blackpearl Group" on page 51 of the Profile.

