Black Pearl Group Limited - **Annual Report**

Clear Path to Profitability

Financial Year End 31 March 2023

blackpearl

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About Us

Blackpearl Group is a data technology company focused on unlocking the potential of data for small and medium-sized businesses (SMBs). We build, acquire, and market cutting-edge, cloud-based services that empower businesses to make data-driven decisions, drive productivity, and generate demand. We provide data transparency for businesses of all sizes, helping facilitate better decision-making and directly unlocking new revenue opportunities.

Outlook

The 2023 financial year was underpinned by purposeful investments in acquisition and technology, and a public listing, all paving the way for the Company's accelerated path to profitability.

"For technology companies, 'profit is the new growth'. Over FY23, there was a seismic shift in how technology companies were valued - with a premium being placed on profitability. BPG worked hard over FY23 to not only get ahead of this trend but to ideally position itself to capitalize on it.

Given the stability of the Company's servicing costs, the availability of affordable and flexible resources, and the rapid growth of BPG's data services the Board expresses strong confidence in BPG's favourable positioning to achieve substantial results in FY24 and beyond."

Karen Cargill - Chief Financial Officer, Blackpearl Group.

From listing to lift off

As a data-focused company, Blackpearl Group recognizes the need to stay at the forefront of technology trends to continue delivering innovative solutions for its customers. With the added financial resources that come with being a public company, Blackpearl Group can rapidly acquire new technologies, grow its data partnership network, and position itself as a leader in the data technology industry.

Increased subscription revenue

97%

Increase in equity

285%

Increased gross profit

264%

Increase in customer base

496%

Note: Comparative figures relate to the FY22 period.

Aquired

NOS

Purchased NewOldStamp.com (NOS) adding over 1m+ site visits a year for cross/up-sell opportunities.

Listed on

NZX

Became a public company to accelerate growth, acquisitions, and data partnerships.

Launched

Pearl Diver

Released a new data product to the market, achieving 10x higher MRR per customer.

New data points

250+

Intergrated new data partnership into the Pearl Engine, increasing BPG's total addressable market.

Letter from the Chair

Tim Crown

Dear Shareholders,
I am pleased to present Blackpearl Group's (BPG) annual report for the year ended 31 March 2023 (FY23). As we navigate the ever-evolving landscape of the global business ecosystem, one thing remains clear: data has become paramount in driving success at a worldwide scale. It is the fuel that powers informed decision-making and innovation.

Since my first visit to New Zealand in 2016, I have gained a profound appreciation for the "Number 8 Wire" mentality and Kiwi ingenuity. This ability to work nimbly and quickly, coupled with an astute understanding of the small and medium-sized business (SMB) market, forms the perfect foundation for success in the US market.

The United States is home to the World's most extensive technology market, worth an estimated 1.6 trillion dollars; this presents immense growth opportunities. Notably, the SMBs segment alone accounts for $370 billion.

As we embark on the new fiscal year, I am eager to witness the significant results we can achieve. With our data-driven approach, deep understanding of the SMB market, and nimbleness, we are well-positioned to seize untapped opportunities and drive growth in an area often overlooked in favour of large enterprise contracts. Together, let us propel Blackpearl Group to new heights of success in FY24 and beyond.
Sincerely,

Tim Crown
Chair

Message from the Chief Executive Officer

Nick Lissette

Many considered our goal at the start of FY23 to be overly ambitious. Our four pillars of success were to:

- **Grow organic revenue.**
- **Complete a strategic acquisition.**
- **Substantially grow our data asset.**
- **List on the NZX.**

Throughout the year, we not only successfully delivered on all four pillars but also bought to the market a powerful new data service which has created a clear path to profitability.

In a world experiencing electric growth driven by AI and machine learning, the gap between the data 'haves' and 'have-nots' is ever-increasing. Small-to-medium-sized businesses often lack the money and resourcing to unlock the value of data. For these companies, the concept of data can also be intimidating, but it needn't be. Data is information, and technology is the vehicle for displaying this information in practical or actionable ways. When combined to good effect, data technology can drive tangible business outcomes.

Blackpearl Group's superpower is finding rare and hard-to-access data sets and building easy-to-use, affordable technology services to deliver them. Our latest service Pearl Diver is a prime example of this.

Businesses are often held to ransom by the major pay-to-play advertising platforms because these platforms control the data supply. Pearl Diver gives businesses transparency over their own data. They can quite literally see who is visiting their website and how to contact them (name, phone number, email address, business information, etc). This valuable information is used to grow revenue by increasing marketing effectiveness (and decreasing the cost).

For Blackpearl Group, services like Pearl Diver create strong, predictable recurring revenue streams. Our baseline sales trajectory adds hundreds of thousands of dollars in new annual recurring revenue each month. This is revenue that stacks. We are now on the home stretch to the magic milestone of a technology company - profitability.

We stand at an exhilarating juncture as a leading player in the Data Technology industry. The growth prospects in this field are simply staggering. Our commitment to innovation, unwavering focus on customer satisfaction, and exceptional team of talented individuals place us at the forefront of this transformative era. The future shines brightly for Blackpearl Group, and we are determined to leverage every opportunity that comes our way. With your continued support as valued shareholders, we can unlock new frontiers and achieve unparalleled success in the Data Technology industry.

Together, let us embark on this exciting journey. Let's grow better, together.

Nick Lissette
Chief Executive Officer

The people behind Blackpearl Group

Sam Daish
Chief Technology Officer

As the Chief Technology Officer of BPG, I am pleased to share that we are successfully executing our technology strategy, which was outlined when we first listed on the NZX. Our strategy centres around harnessing the potential of our platform to generate data, applied artificial intelligence (AI), and innovative products that drive growth for our company.

In line with this strategy, we have made significant progress in integrating powerful data into our proprietary platform to create new products. This development underpinned the creation of the Pearl Diver product, opening an entirely new market for BPG.

Utilising an identity graph comprising over 550 million records and several hundred data points, the data currently presented through Pearl Diver represents only a fraction of what we have at our disposal. There is ample room for further enhancements delivering further value.

Dealing with such a diverse and voluminous dataset is no simple task and exemplifies the challenges and opportunities of 'big data' and AI. Despite the challenges associated with handling such a significant volume of data, our capabilities within the Pearl Engine allowed us to rapidly build, test, and iterate. Pearl Diver was developed and launched within a single quarter.

However, to fully unleash the potential of this data, we recognise the need for continuous development of our infrastructure and platform. This will enable us to delve even deeper into the wealth of valuable data at our disposal, thereby facilitating increased utilisation of AI in our products. Our investments in this domain are centred around applying AI to address real and pressing challenges faced by our customers. We remain steadfast in our commitment to developing solutions that deliver tangible value rather than indulging in trivial or self-serving ventures.

As the CTO of BPG, I am proud of the strides we have made so far, and I am confident that our continued efforts in leveraging our platform, data, and AI capabilities will position us at the forefront of innovation in our industry.

Karen Cargill
Chief Financial Officer

Strategic investments made in scalable infrastructure in prior years have been pivotal in driving our gross profitability of 264%, allowing us to scale at a near marginal cost and additionally increasing our future Gross Profitability metrics.

In FY23, after accounting for one-off costs, 31% of our operating costs are variable in nature. We have deliberately focused on having a flexible cost structure as this allows us to make agile decisions and swiftly reduce costs if required to ensure a clear path to profitability.

BPG's strong position and commitment to cost analysis and flexible costs have set the stage for our accelerated path to profitability. Our deliberate pricing strategy, scalable infrastructure, and agile cost structure are key drivers of our success and enable us to maximize revenue growth while maintaining financial efficiency. As we embark on the next financial year, we remain confident in our ability to achieve our goals and deliver exceptional value to our shareholders.

Mark Osborne
Independent Non-Executive Director

As the Chair of the Audit and Risk Committee at Blackpearl Group, I am proud to highlight the strong foundations that have been built over the last decade. These foundations have positioned us for accelerated growth as we continue to evolve in FY24.

Throughout the years, BPG has consistently focused on establishing robust internal controls, risk management frameworks, and financial reporting practices. These practices have fostered a culture of transparency, accountability, and sound governance, which are essential elements for sustained success. By prioritizing these foundations, we have created a solid framework that enables us to adapt to changing market dynamics and seize new growth opportunities.

As we enter FY24, we are confident that the strong foundations we have laid will serve as the bedrock for our continued evolution and growth. These foundations provide us with a clear path forward, ensuring that we can navigate challenges, capitalize on emerging trends, and deliver value to our stakeholders. With our commitment to excellence, innovation, and strategic execution, we are poised to achieve remarkable results in the coming year.

Cherryl Pressley
Independent Non-Executive Director

Throughout my 30 years of experience in the technology industry, I have had the privilege of building and leading global teams, establishing channel partnerships, and exceeding financial goals. My experience spans prominent technology giants like Microsoft and Google Cloud, where I played pivotal roles in driving revenue growth and fostering strategic partnerships. With this background, I can attest to the incredible prospects that lie ahead for BPG.

Having witnessed firsthand the transformative power of strong partnerships, I am eager to leverage my expertise in developing world-class integrated sales and marketing teams to unlock new opportunities for Blackpearl Group. Combining our exceptional products and my proven track record in driving revenue growth and building successful partner ecosystems will undoubtedly pave the way for remarkable achievements. I am confident that together, we will propel Blackpearl Group to unparalleled heights of success and unlock its true potential in the market.

Our Vision

Better growth, together

Our Mission

We find rare or hard to access data streams which, when activated by the right application, solve pressing and pertinent business challenges.

Data transparency: is the practice of a business taking ownership of their data, making data accessible & actionable

In today's digital age, data has become the energy source for growth and a critical asset for strategic decision-making, providing businesses with a competitive edge and directly fuelling their revenue growth. It provides valuable insights and a deep understanding of customers, market trends, and operational processes. By harnessing data effectively, businesses can make informed decisions, identify growth opportunities, and develop targeted strategies. Optimising their marketing efforts, personalise customer experiences, and improve customer satisfaction, ultimately leading to increased sales and revenue. Data is the force multiplier.

How We Execute

A clear path to profitability

Our growth strategy is built on four pillars that will drive our success. We will accelerate revenue growth by expanding Pearl Diver's feature set and data points. Our distribution network will be strengthened through the expansion of our reseller network and tailored offerings for digital agencies and white-label partners. We will unlock the 'data multiplier effect' by leveraging our existing data partnerships, expanding our total addressable market. Lastly, we will ensure cost flexibility through strategic pricing, resourcing, and increased gross profit margin. With these pillars in place, we are confident in our ability to achieve substantial growth and drive exceptional results.

Revenue Growth:

- Continue our explosive growth
- Expand value add feature sets
- Add additional revenue creating data points

Partner Reseller Network

- Expand reseller network
- Create specific offerings for digital agencies and white label partners
- Leverage existing global partnerships

The Data Multiplier Effect:

- Increase data points exponentially
- Increase channels beyond email and website
- Increase our total addressable market size **from $1.02b to an estimated $4.22b**

Flexible Cost Structure:

- Increase product pricing/revenue in line with additional features
- Increase flexibility of resourcing costs
- Leverage offshore development and other efficiencies

Revenue Growth

The successful development and launch of Pearl Diver during FY23 is instrumental in delivering exponential revenue growth for FY24. Pearl Diver provides data transparency and empowers businesses to unlock the full potential of their data. By capitalising on the increasing demand from small to medium-sized businesses (SMBs) for data-driven solutions that draw a direct line to revenue growth, we aim to achieve significant results and solidify our position in the market.

Blackpearl Group's Listing Document outlined the company's strategic initiatives that are now driving its path to profitability. A key component of this strategy involved the continual augmentation of data streams within the Pearl Engine, enabling the development of novel applications. These applications serve as catalysts for acquiring new customers while also providing avenues for cross-selling to the existing customer base.

By adopting this approach, BPG was able to swiftly deploy Pearl Diver to the market.

Key contributors to the success of Pearl Diver include:

- **The ability to sell directly to the existing customer base (3,800) across all Services.**
- **The ability to upsell directly to inbound traffic on the NOS (1m+ annually) and BPM (140k+ annually) websites.**
- **Higher Annual Recurring Revenue (ARR) per customer than existing products (minimum of approx. 10x greater than the NOS service).**
- **Access to new markets and distribution through partner networks.**

The compounding nature of the higher-value Pearl Diver application has a positive impact on BPG's growth trajectory.

"The compounding nature of the higher-value Pearl Diver application has a positive impact on BPG's growth trajectory"

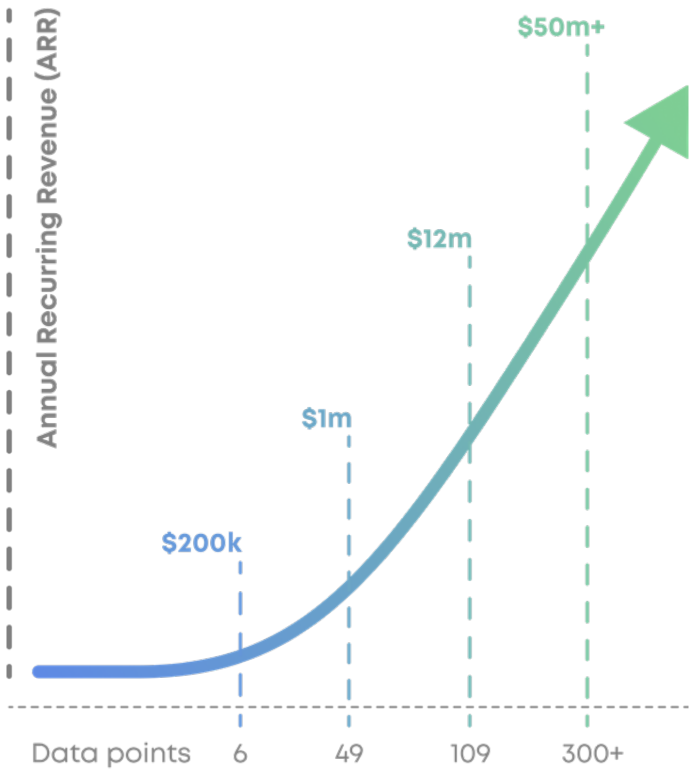
Throughout March, Pearl Diver was released to the US market in a staged approach, during which BPG secured over 50 orders from both existing and new customers.

In May, new sales generated **$339,536 in net new ARR**. While this growth has been very encouraging coming from a small direct sales team in place, we expect these numbers to exponentially grow once we have the partner reselling network in place. Pearl Diver has become a force multiplier in our revenue growth – supporting our drive to profitability.

Pearl Diver revenue per customer

	Tier 1	Tier 2	Tier 3	Tier 4
MRR	$316	$617	$1,273	$2,181
ARR	$3,792	$7,404	$15,276	$26,172

Monthly Recurring Revenue (MRR) per customer is calculated using the monthly revenue generated per customer. Annual Recurring Revenue (ARR) per customer is calculated based on 12x the MRR of each price tier.



The Data Multiplier Effect

Data is the connection to the reality of business. It clears away unsubstantiated opinion and guess work, and gives rock solid foundations for innovation and growth. The right data ignites the spark of transformation. BPG has seen this in both our success and in supporting the growth of our customers. The right data is a force multiplier.

“Businesses are crying out for data that has a direct line to growth and profit”

Our data-driven products serve as the foundation for exponential growth, unlocking opportunities and expanding our total addressable market. We grew our data points from 6 to 49 by developing our demand generation email application, propelling our success. With the introduction of Pearl Diver, we have further expanded our capabilities by integrating an additional 60 key demographic and firmographic data points from website traffic. By strategically focusing on valuable data that is scarce and challenging to access for small and medium-sized businesses (SMBs), we have not only gained rapid traction but also tapped into a market four times larger than email alone. This broader scope has significantly increased our revenue potential and solidified our position as a leader in data-driven solutions.

We are only scratching the surface of the data available for fuelling growth. Through a proprietary identity graph we have access to over 250 additional data points and signals that can be used to multiply growth. Additional data points and channels increase the use cases for Pearl Diver such as providing domain-specific features and automations for industry verticals. The volume and variety of data is the gateway to applying AI to solve specific problems for our customers to identify their best opportunities and reduce costs for interacting with those less likely create growth.

Partner Reseller Networks: How to exponentially accelerate growth

In today's competitive business landscape, finding the right distribution partners can be a game-changer for companies aiming to achieve scalable growth without proportionately expanding their internal teams. Partnering with the right individuals or organizations allows businesses to leverage their existing connections and market presence to build a strong brand reputation, ultimately leading to a boost in sales and accelerated growth.

One of BPG's primary reasons for choosing a partner distribution channel is the ability to expand revenues quickly and effectively, bypassing the need to supply directly to customers. By aligning with several established sales teams, BPG can tap into new markets and reach a broader customer base at a fraction of the cost. The partners become an extension of the company, actively selling its products or services. This approach allows us to achieve significant growth without the need to substantially increase internal workforce.

There are various types of distribution partners that BPG will collaborate with:

- Digital Marketing Agencies play a crucial role in promoting products or services online and are currently looking to reinvent themselves as they adapt to stay in touch with their clients' needs. Leveraging their expertise in the digital realm with a data-rich product like Pearl Diver drives conversions and customer engagement, and in turn revenue for their clients.
- Large resellers, directly sell products to end-user customers and also to partners in B2C and B2B Cloud Marketplaces.
- Distribution partners sell through partners to reach end-user customers.

These diverse partner types offer distinct advantages depending on the target market and business objectives.

“61% of B2B transactions start online, while the total market size will increase to US$20.29 trillion by 2027.”

Source: financesonline.com/b2b-statistics

In the case of BPG, the decision to seek out distribution partners is well-founded. The company benefits from a seasoned channel executive with 17 years of experience across Head of Scaled Partnerships at Google Cloud and Director of Worldwide Distribution Channels at Microsoft, Cherryl Pressley. Furthermore, over 40 partners have actively approached BPG to resell the product, drawn to its undeniable value proposition, particularly digital marketing companies. By targeting the intersection of marketing and technology, BPG addresses a market segment currently experiencing significant challenges due to the economic climate.

13%
One-Off Costs

22%
Infrastructure and Development Costs

31%
Flexible Costs

34%
Fixed Costs

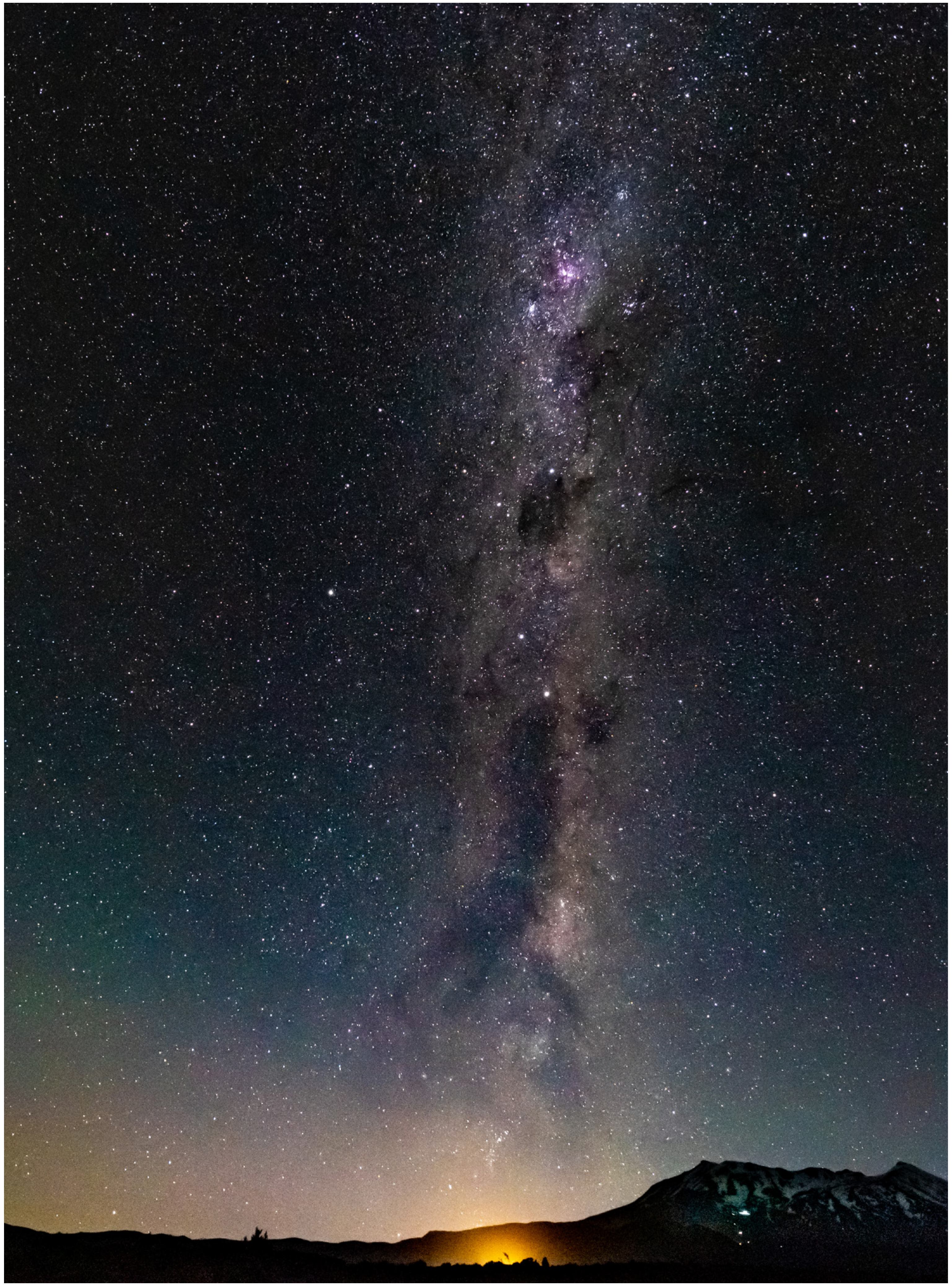
Flexible Cost Structure

Building a flexible cost structure has positioned us ideally for accelerated growth and given BPG the ability to respond dynamically to market conditions.

Investment in Infrastructure for Scalability
Over the past 12 months we have made substantial investments in our infrastructure, laying the groundwork for scalable operations at little to no additional cost. This investment has proven fruitful, as evidenced by our remarkable gross profit margin increase of 264% for FY23. The scalability of our infrastructure enables us to meet growing demand efficiently, supporting our revenue growth while maintaining optimal cost structures.

Flexible Cost Structure for Agile Decision-Making
At BPG, we understand the importance of agility in today's dynamic business environment. To ensure an accelerated path to profitability, we have deliberately designed a flexible cost structure. While we maintain a small amount of fixed costs, we have established over $2 million in flexible costs, primarily allocated to marketing and offshore resources. This flexibility empowers us to swiftly respond to market changes, scale our operations up or down as required, and align our cost base with our strategic objectives.

Deliberate Pricing Strategy for Pearl Diver
Pearl Diver has been strategically priced at a deliberately low point in the market. This approach allows us to penetrate the market quickly, gaining widespread adoption and market share. We are positioned to exponentially increase the price as we introduce new and enhanced features, ensuring we capture the full value of the product. This pricing strategy not only drives revenue growth but also enables us to establish a strong foundation for long-term profitability.



Use Cases

Website Visitor Identification | Signature Management | Demand Generation
Analytics & Demographics | Actionable Insights | Retargeting Audiences
Lead Generation | Marketing & Branding

Applications

Black Pearl Mail | Newoldstamp | Pearl Diver

Interfaces

Components | Customer interactions | Data insights
Features | Meta data | Visual assets | Raw data

Data Cycle

Cleanse | Transformation | Analysis

Data Capture & Storage

Proprietary datasets | 3rd party data partnerships

pearlengine

Microservices
Productivity and speed
Resiliency
Scalability
Faster time-to-market

MTA Asset Serving
Market point of difference
Built for purpose
Risk mitigation
Flexibility / optionality

Data
Improve user experience
Personalise interactions
Sticky features
250+ data points

Tracking
Market point of difference
Granular live data
Human interactions
Bot detection

UX Assets
Productivity and speed
Leverage expertise

AI / ML
New products
New features

Proprietary data and services platform

The Pearl Engine, our proprietary data and services platform, not only powers products within the Blackpearl Group but also delivers tangible benefits in enhancing data, controlling costs, and enabling partnerships.

Enhancing Data: The Pearl Engine serves as a catalyst for data enhancement within the Blackpearl Group. BPG leverages an extensive set of proprietary data and data partnerships to create data-powered features and products. Our analytical and artificial intelligence features are extended to our products via the Pearl Engine.

Controlling Costs: One of the key advantages of the Pearl Engine lies in its ability to extend data and capabilities to applications at near-zero marginal cost. Through well-defined APIs, applications within the Blackpearl Group can seamlessly access features, design components, code resources, and data pools. This cost-effective approach mitigates the need for redundant investments in data acquisition and infrastructure, enabling applications to allocate their resources more strategically and drive greater cost efficiency.

Enabling Partnerships: The Pearl Engine acts as a powerful enabler for valuable partnerships within the Blackpearl Group ecosystem. By offering a standardized and scalable platform, we facilitate integration and collaboration between different entities. Companies can leverage the Pearl Engine's APIs to integrate our features, code, and data resources into their own applications, creating solutions that benefit both parties. This collaborative approach fosters innovation, expands market reach, and accelerates growth for all stakeholders involved.

The development of our application, Pearl Diver, has been underpinned by the capabilities and data resources provided by the Pearl Engine. By leveraging the Pearl Engine's unique data streams and over a decade of expertise in data and digital engagement, Pearl Diver is able to uncover new insights, enable meaningful interactions, and drive value for our customers.

In summary, the Pearl Engine goes beyond being a data ingestion and services platform. It enhances data, controls costs, and enables valuable partnerships within the Blackpearl Group. It acts as a powerful foundation for product development, as demonstrated by the success of Pearl Diver.

Pearl Diver

Pearl Diver enables businesses to enhance customer engagement and conversion rates by transforming anonymous website visits into leads and identifies key sales opportunities using multiple data measurements to assess levels of engagement.

This amalgamation of over a decade of experience in data technology and email tracking combined with a powerful world-class identity graph has led to a world-first technology solution. Pearl Diver is helping businesses unlock their data's full potential and overcome the challenges facing them, like rising advertising costs and poor access to data.

Giving Business Data Transparency
By giving businesses the visibility on who is interacting with their owned channels and identify the most likely purchasers, Pearl Diver puts you back in control of the purchasing cycle.

- First name
- Last name
- Email
- Job Title
- Mobile
- DDI
- LinkedIn
- Gender
- Age range
- State
- Zip Code
- Income range
- Company
- Seniority Level
- Department
- Revenue
- Industry
- URL
- And much more...

"Pearl Diver bridges the gap in the analytics we use daily to make company decisions. **We've been so impressed that we're now reselling it to our clients.** Incredible!"

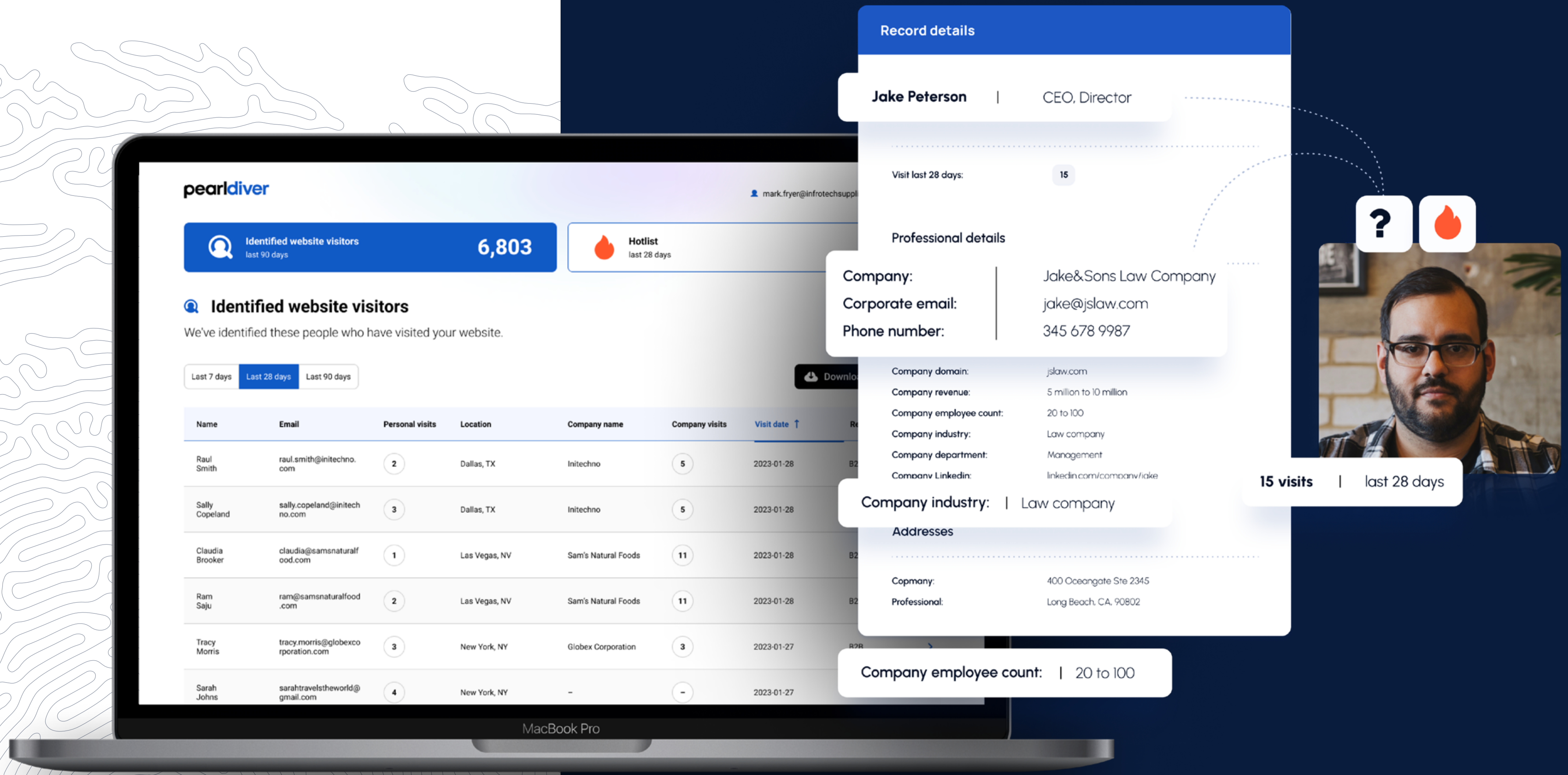
Chip Florian - CEO of Ciprian IT

"The level of detail you get in the Pearl Diver data is great. **It has more specific, identifying information on each contact compared to other tracking systems I have used,** which is really valuable for targeted marketing and out-reaches."

KickStart Project Management Consultants

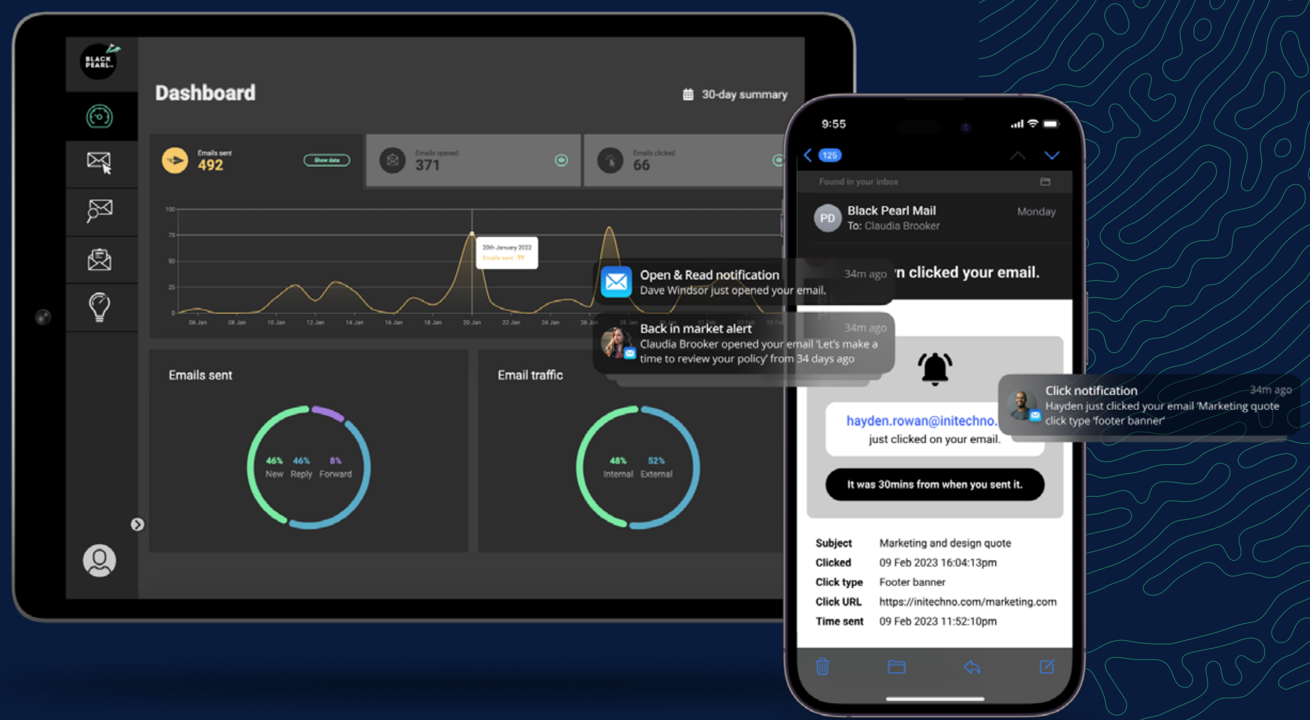
"Pearl Diver not only saved us valuable time but also enabled us to build stronger connections with our leads. **Converting 33.5% of identified visitors has helped us reduce customer acquisition costs and increase our ROI on FB and Google ads.**"

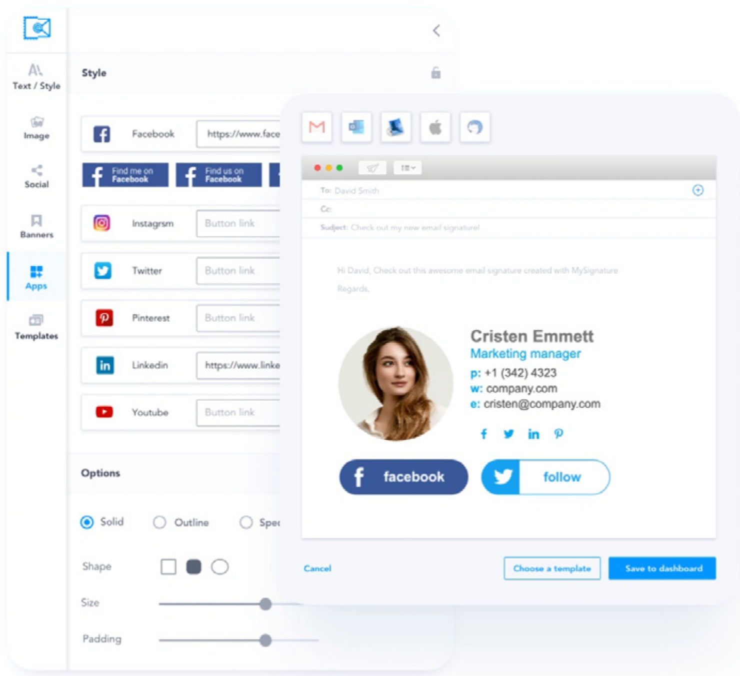
Andrew Appleton - Parade Deck CEO



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 application, businesses can apply enhanced branding to emails, incorporate trackable elements, 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 application enables 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. Black Pearl Mail's customer base is geographically diverse, representing the global nature of business email.





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 BPG's Acquisition Strategy. 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, www.newoldstamp.com, 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. 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$1,134 per customer.

A clear path to profitability

Revenue

BPG recorded $1.4m in recurring revenue for FY23, representing a 97% growth in recurring revenue compared to FY22. It is worth noting that 28% of this growth relates to Newoldstamp, which includes five months of revenue following its acquisition on November 1, 2022. The remaining increase was due to the growing demand for the Black Pearl Mail service. Total Revenue includes government R&D grants and amortisation of NOS customer contracts purchased.

Revenue Model

BPG's applications follow a monthly recurring billing model, generating regular and predictable revenue. As the customer base grows through new sign-ups, each additional subscriber contributes to the overall revenue. This continuous growth is not limited to one-time purchases but compounds over time.

Recurring revenue models focus on future revenue, while Profit and Loss statements only capture historical revenue without accounting for projected revenue resulting from past expenses. Consequently, the Profit and Loss statement does not account for BPG's projected revenue resulting from past expenses.

Total customers increased by 496%, with 55% located in USA. This offers future growth potential via cross-sale opportunities of BPG's new product, Pearl Diver, which was released to the USA market in March 2023.

Gross Profit

Gross Profit increased by 264%, illustrating the Company's strong focus on profitability. One of the factors contributing to this growth is BPG's ability to scale infrastructure at negligible incremental expense. This has been made possible from previous years' investment in creating a highly scalable operational framework.

Expenditure

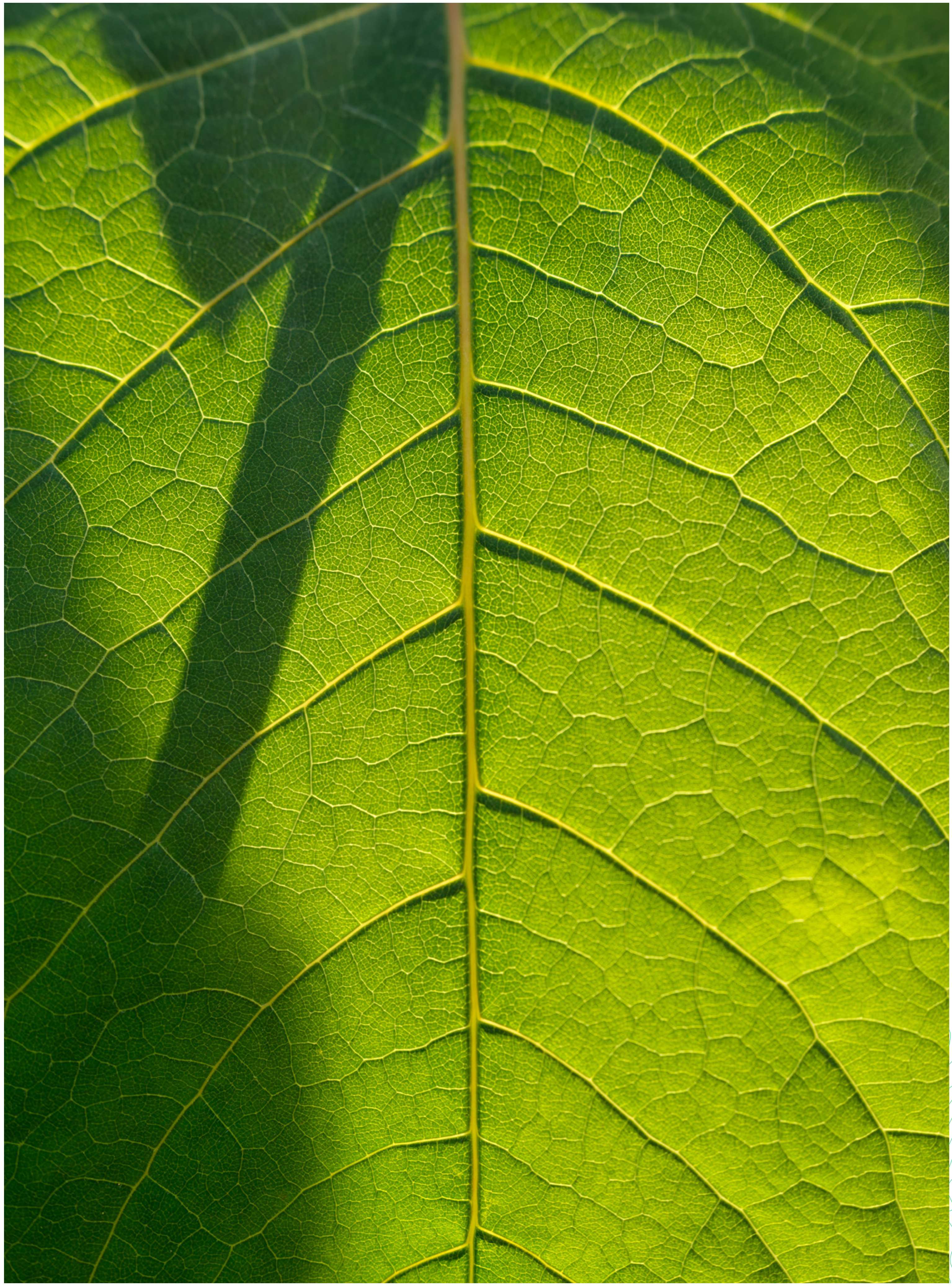
BPG's decision to raise its operating expenditure delivered results in line with the FY23 business plan and created a direct path to profitability. FY23 expenditure included $1.1m of one-off costs associated with the acquisition of NOS and the direct listing on the NZX, as well as R&D to create the new Pearl Diver product.

BPG's cost base has been intentionally structured to be flexible in nature, providing additional levers for reaching profitability. After accounting for one-off costs, 31% of the FY23 cost base remains variable in nature.

Balance Sheet

BPG's balance sheet reflects the investment made in the NOS application, customer base and organic website traffic.

The promissory note and warrants entered into with Crown BP Holdings, LLC immediately prior to listing have been amended post-year end 31 March 2023. The note is now an unsecured obligation of BPG, the two due dates for repayment of the note have been extended by 12 months each, and there is a conditional agreement for the note to be converted to ordinary shares in BPG at a conversion rate of NZ$1.02 per share.



Blackpearl Group - FY23 Annual Report

Corporate Governance Statement

Strong governance is fundamental to the performance of Blackpearl Group and the Board is ultimately responsible for ensuring that Blackpearl Group and its subsidiaries maintain high ethical standards and corporate governance practices.

Statement of compliance

Blackpearl Group is committed to enhancing investor confidence through good corporate governance practice and accountability. This corporate governance statement provides an overview of Blackpearl Group's governance framework and discloses Blackpearl Group's practices in relation to the recommendations contained in the NZX Corporate Governance Code (17 June 2022) (NZX Code). The information contained in this Corporate Governance Statement has been prepared in accordance with NZX Listing Rule 3.8.1(a). The Board considers that for the 12 months ended 31 March 2023 (FY23), Blackpearl Group's corporate governance practices and policies have been appropriately aligned with the NZX Code. Any exceptions are identified throughout this document.

Principle 1:

Ethical Standards

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Recommendation 1.1 - Code of Ethics

Blackpearl Group maintains high standards of ethical behaviour by which the directors, employees, contractors for personal services and advisers of Blackpearl Group are expected to conduct themselves. These standards are described in Blackpearl Group's Code of Ethics.

General principles within the Code of Ethics include (but are not limited to) requiring all directors and employees to:

- act honestly and uphold and maintain the highest standards of integrity;
- treat all stakeholders fairly and with respect and at all times act in the best interests of its shareholders, stakeholders and Blackpearl Group itself;
- give proper attention and care to the matters before them;
- ensure the proper receipt and use of corporate information, assets and property;
- complete and keep accurate accounting records and ensure company funds are managed and spent responsibly;
- ensure that their individual interests do not interfere, or appear to interfere, with the Company's interests; and
- comply with all applicable laws, rules, regulations and codes of practice.

The Code of Ethics and where to find it will be communicated to Blackpearl Group's directors, employees, contractors as part of their initial and ongoing training. It is expected that Blackpearl Group's people have read and understand each of the ethical expectations as outlined in the Code.

Whistleblower Policy

Blackpearl Group encourages employees to speak out if they have concerns that the Company's policies have been breached, including any breach of ethics. The avenues for doing so are detailed in the Code of Ethics.

Recommendation 1.2 - Financial Product Trading Policy

All directors and employees including secondees, contractors and consultants of Blackpearl Group and its subsidiaries are subject to Blackpearl Group's Financial Product Trading Policy, which outlines the prohibition on dealing in the Company's financial products while holding inside information.

In particular the policy provides that:

- Blackpearl Group's people have greater restrictions on trading in any financial products under this policy except in the 30 day period commencing on the first day of trading after results have been publicly released or a retail offer has been released to the market (Trading Windows).
- Blackpearl Group's people are less likely to receive approval to trade any financial products during any time outside of these Trading Windows.
- Blackpearl Group's people are highly unlikely to receive approval to trade any financial products during the period commencing 30 days prior to the balance date of the Company's full year and where applicable, half year results, until those results have been publicly released.

Details of matters entered into the Interests Register by individual Directors during FY23 are outlined on page 45 of the annual report.

Principle 2:

Board Composition & Performance

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.1 - Board Charter

Blackpearl Group's Board Charter sets out the roles and responsibilities of the Board, under which the main functions of the Board are to:

- approve and monitor the strategic direction of Blackpearl Group recommended by management and add long-term value to Blackpearl Group's shares, having appropriate regard to the interests of all material stakeholders;
- monitor and review the performance of Management and the process for calculating fees and any performance incentive fees;
- approve and monitor Blackpearl Group's financial statements, corporate governance and other reporting and ensure the implementation of and adherence to Blackpearl Group's continuous disclosure policy;
- establish procedures and systems to promote a culture and remuneration practice within Blackpearl Group which facilitates the recruitment, professional development and retention of staff;
- ensure that the Company has appropriate risk management and regulatory compliance policies in place and monitor the integrity of those policies; and
- familiarise itself with issues of concern to Blackpearl Group's shareholders and significant stakeholders, including customers, staff, lessees and the community.

The roles and procedures of the Board, the Board structure and the different Board committees are described in Blackpearl Group's Board Charter.

Recommendation 2.2 - Nomination and appointment process

The nomination process for new Director appointments is the responsibility of the Board as a whole. In accordance with the NZX Listing Rules:

- the Board asks for Director nominations each year prior to the Annual Shareholders' Meeting;
- Directors will retire at least every three years and may stand for re-election by shareholders; and
- a Director appointed since the previous Annual Shareholders' Meeting holds office only until the next Annual Shareholders' Meeting, but is eligible for re-election at that meeting.

Newly elected Directors are expected to familiarise themselves with their obligations under the constitution, Board Charter and the NZX Listing Rules.

The Board believes the current Directors offer valuable skill sets and experience to Blackpearl Group and that each Director has the necessary time available to devote to the position.

Recommendation 2.3 - Letters of Appointment
All Directors have entered into a written agreement with Blackpearl Group. The agreement outlines their appointment terms, role requirements, time commitments, remuneration and indemnity and insurance arrangements.

Recommendation 2.4 - Director Details
The details of each Director along with their experience, length of service, independence, ownership interests and attendance at Board meetings are included in this Annual Report. Director profiles are also available to view on Blackpearl Group's website at https://www.blackpearl.com/investor-centre/

Interests Register
Directors are required to notify Blackpearl Group of any interests they have that could impact an assessment of their independence or their ability to act in the best interests of Blackpearl Group. Blackpearl Group has processes in place to manage any conflicts of interest with Directors who are interested in a matter. The processes around maintaining the director interests register are detailed in the Board Charter.

Recommendation 2.5 - Diversity
Blackpearl Group is committed to bringing diversity to life in its employment practices and across all aspects of the business. For Blackpearl Group, diversity includes but is not limited to characteristics such as cultural background and ethnicity, gender identity, sexual orientation, age, differences in physical abilities, languages and education.

Blackpearl Group's approach to diversity is outlined in the Diversity Policy which sets out how the Company will meet its commitment to creating a diverse workforce and inclusive workplace environment.

For the 12 months ended 31 March 2023, the Board is comfortable that Blackpearl Group's employment practices and Human Resources (HR) processes and practices were in line with the intent of its Diversity Policy.

As at 31 March 2023, females represented 25% of Directors and senior managers of Blackpearl Group. Blackpearl Group has 29 employees of which 62% are male and 38% are female.

The following table outlines the gender composition of Directors and senior managers as at 31 March 2023:

	As at 31 March 2023		As at 31 March 2022	
	Directors	Executive Team	Directors	Executive Team
Male	3	3	2	3
Female	1	1	0	1
Total	4	4	2	3

Recommendation 2.6 - Director Training
Blackpearl Group encourages all Directors to undertake appropriate training and education so that they may best perform their duties, including engaging external expert advisers at the Company's cost and encouraging Directors to engage in the business.

As Blackpearl Group only listed in the financial year to 31 March 2023, the Board has been focused on being in a high growth position with new products in domestic and international markets and growing as a listed company. As the Directors have more capacity in their roles further training and educational opportunities will be pursued.

Recommendation 2.7 - Director Performance
The Board Charter regulates the performance assessment process of the Board, its committees and Directors. Blackpearl Group continues to invest in ensuring its Board has the optimum mix of skills, experience and independence required for executing Blackpearl Group's growth strategy. An external performance review may be conducted if required.

Recommendation 2.8 - Director Independence
As at 31 March 2023, the Board comprised of the following four Directors:

Tim Crown	Non-Independent Non-Executive Director and Acting Chair	Appointed 2 January 2020
Nick Lissette	Non-Independent Executive Director and CEO	Appointed 25 October 2012
Cherryl Pressley	Independent Non-Executive Director	Appointed 24 November 2022
Mark Osborne	Independent Non-Executive Director	Appointed 24 November 2022

The Board considers two of Blackpearl Group's Directors to be independent for the purposes of the NZX Listing Rules, being Cherryl Pressley and Mark Osborne. In order for a Director to be independent, the Board must determine that he or she is not an executive of Blackpearl Group and has no disqualifying relationship or interests, including relationships or interests of the kind listed in Recommendation 2.4 of the NZX Code. Accordingly, the Board has determined that Tim Crown and Nick Lissette are non-independent Directors.

Recommendation 2.9 - Separation of Chair and Senior Management
The Board supports a separation of the roles of Chair from senior management. Blackpearl Group's Chair is a Non-Executive Director who is elected by the Directors.

Principle 3:

Board Committees

"The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."

Recommendation 3.1 - Audit and Risk Committee
The Board has established an Audit and Risk Committee to act as a delegate of the Board on financial reporting, internal control and risk management issues. The Audit and Risk Committee is responsible for:

- assisting the Board in carrying out its responsibilities concerning accounting practices, policies and controls relative to the Company's financial position;
- making appropriate enquiries into any audit of Blackpearl Group's financial statements, including providing the Board with additional assurance about the quality and reliability of any financial information issued publicly by Blackpearl Group from time to time;
- reviewing the operation and effectiveness of Blackpearl Group's internal controls and risk management practices in consultation with senior management (see Principle 6: Risk Management below);
- providing an avenue of communication between auditors and Directors, particularly in relation to financial reporting and risk management matters; and
- otherwise maintaining Blackpearl Group's relationship with external auditors (see Principle 7: Auditors below).

The Committee operates under the Audit and Risk Committee Charter. The majority of the Audit and Risk Committee are independent Directors and is comprised of Mark Osborne (Chair), Tim Crown and Cherryl Pressley. The Chair, Mark Osborne, is an independent director, is not the chair of the Board and has a financial background.

Due to BPG's size and current position as a newly listed company, no Audit and Risk Committee meetings were held during FY23. Instead, the Committee responsibilities were actioned and overseen by the whole Board.

Recommendation 3.2 - Meeting Attendance by Non-Committee Members
Directors who are not members of the Audit and Risk Committee are able to attend the committee meetings as they wish. Employees may only attend those meetings at the invitation of the committee.

Recommendation 3.3 - Remuneration Committee
The Board has established a Remuneration Committee to oversee and promote Blackpearl Group's Remuneration Policy and remuneration practices to the Board. For the avoidance of doubt, the Committee does not make recommendations as to director appointments to the Board. The Remuneration Committee is responsible for:

- reviewing and recommending to the Board for approval Blackpearl Group's Remuneration Policy and packages for Directors and Senior Managers;
- ensuring the structure of Blackpearl Group's Remuneration Policy allows Blackpearl Group to attract and retain Directors and Senior Managers of sufficient calibre to facilitate the efficient and effective governance and management of Blackpearl Group;
- ensuring all remuneration procedures are followed for Directors; and
- reviewing and recommending to the Board measurable objectives for improving diversity in accordance with Blackpearl Group's Diversity Policy.

The Committee operates under the Remuneration Committee Charter. The majority of the members of the Remuneration Committee are independent directors, and is comprised of Cherryl Pressley (Chair), Mark Osborne and Tim Crown.

Due to BPG's size and current position as a newly listed company, no Remuneration Committee meetings were held during FY23. Instead, the Committee responsibilities were actioned and overseen by the whole Board.

Directors who are not members of the Remuneration Committee are able to attend the committee meetings as they wish. Executive directors do not participate in deliberations relating to their own remuneration. Under the Remuneration Committee Charter, Management can only attend the Remuneration Committee meetings at the invitation of the Board.

Recommendation 3.4 - Nomination Committee
The Company does not have a standalone nomination committee, however as advised under Principle 2 above, the nomination process for new Director appointments is the responsibility of the Board as a whole. The Directors' selection is based on the value they bring to the Board table including their skills, knowledge and experience to contribute to effective direction of Blackpearl Group, whether they can exercise an informed judgement on matters which come to the Board and whether they are free of any business or other relationship that may interfere with the exercise of that judgement. The composition of the Board is reviewed regularly to ensure the Board maintains an appropriate balance of skills, experience and expertise.

The Board evaluates all nominations of Directors, and consider whether they would be independent, and may recommend candidates to Shareholders.

Recommendation 3.5 – Other Board Committees
The board charter enables the Board to establish other committees, as required from time to time. The two established committees are the Audit and Risk Committee and the Remuneration Committee, each with its own charter. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

Director Meeting Attendance
The Board holds at least 8 meetings each year. Video and/or phone conferences are used as required. The table below sets out Director attendance at Board and Committee meetings during FY23. Cherryl Pressley and Mark Osborne were only appointed as Directors on 24 November 2022:

	Board Meetings	Audit and Risk Committee and Remuneration Committee[1]
Total number of meetings held	11	0
Tim Crown	10	0
Nick Lissette	11	0
Cherryl Pressley	5	0
Mark Osborne	6	0

* Due to BPG's size and current position as a newly listed company, no Audit and Risk Committee or Remuneration Committee meetings were held during FY23. Please refer to the notes on recommendations 3.1 and 3.3 above.

Recommendation 3.6 - Takeover Protocols
In the case of a takeover offer, Blackpearl Group will form an independent Takeover Committee to oversee a response to the offer and engage expert legal and financial advisors to provide advice and ensure compliance with the Takeovers Code.

Principle 4:

Reporting & Disclosure

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Recommendation 4.1 - Continuous Disclosure
The Board focuses on providing accurate, adequate, and timely information both to its shareholders and to the market generally. This enables all investors to make informed decisions about Blackpearl Group. All significant announcements made to NZX, and reports issued, are posted on Blackpearl Group's website.

Blackpearl Group's Continuous Disclosure Policy governs the responsibilities and procedures for releasing material information to the market to ensure compliance under the NZX Listing Rules so that:

- all investors have equal and timely access to material information concerning Blackpearl Group, including its financial situation, performance, ownership and governance; and
- company announcements are factual and presented in a clear and balanced form.

Accountability for compliance with disclosure obligations is with the Chair and the Chief Executive Officer. Significant market announcements, including the preliminary announcement of the half year and full year results, the accounts for those periods and any advice of a change in earnings forecast are approved by the Board.

Recommendation 4.2 - Key Governance Documents
Copies of the key governance documents, including the Continuous Disclosure Policy, Code of Ethics, Financial Products Trading Policy and Board and Committee Charters and Policies are available on Blackpearl Group's website at https://www.blackpearl.com/investor-centre/.

Recommendation 4.3 - Financial Reporting
The Board is responsible for ensuring:
- that the financial statements give a true and fair view of the financial position of Blackpearl Group;
- that the financial statements have been prepared using appropriate accounting policies;
- that the accounting policies have been consistently applied and supported by reasonable judgements; and
- that all relevant financial reporting and accounting standards have been followed.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Blackpearl Group's full and, when available, half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

For the 12 months ended 31 March 2023, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Blackpearl Group and facilitate compliance with the Companies Act 1993 and the Financial Markets Conduct Act 2013.

Senior management has confirmed in writing to the Board that Blackpearl Group's external financial reports present a true and fair view in all material aspects. Blackpearl Group's full year financial statements are available on Blackpearl Group's website.

Non-financial Reporting

Blackpearl Group is committed to using its resources responsibly and will look for opportunities to reduce any negative environmental risk or impact from business operations, products and services. The Board encourages diversity and will not knowingly participate in business situations where Blackpearl Group could be complicit in human rights and labour standard abuses.

Blackpearl Group discusses its non-financial objectives and its progress against these objectives in the Chair and senior management's commentary in shareholder reports, and at other investor events during the year including investor presentations and the Annual Shareholders' Meeting.

Given Blackpearl Group's size, the Board has elected not to adopt a formal environmental, social and governance framework. The Company remains aware of changes to non-financial reporting standards, particularly changes to climate-related disclosures.

Principle 5:

Remuneration

"The remuneration of Directors and Executives should be transparent, fair and reasonable."

Recommendation 5.1 - Remuneration of Directors
Under the NZX Listing Rules, Shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner. The current Director fee pool was set pre-listing in 2022 and disclosed in Blackpearl Group's Listing Profile. Blackpearl Group believes the current fees are set at a fair market rate.

Blackpearl Group's Remuneration Policy is in line with best practice guidelines from the New Zealand Institute of Directors. The Remuneration Committee is responsible for reviewing and recommending Directors' remuneration to the Board for approval

Non-executive Directors are entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs. Board policy is that no sum is paid to a non-executive Director upon retirement or cessation of office.

Further detail on the Director fees and individual Director remuneration breakdown can be found on page 43 of the Annual Report.

Recommendation 5.2 - Remuneration of Executives and Employees
Executive remuneration consists of a salary (including KiwiSaver contributions from Blackpearl Group) and ability to participate in a pre-listing employee share rights scheme under which Blackpearl Group has granted current or former employees and independent contractors rights to shares.

The Remuneration Committee is responsible for reviewing and recommending Senior Managers' remuneration to the Board for approval. The Board believes senior management remuneration is fair and reflects the performance requirements and expectations of the role.

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.

More information on executive remuneration, including entitlements, is set out on page 43 of the Annual Report

Recommendation 5.3 – CEO Remuneration
The current CEO remuneration is set out in page 43 of the annual report.

Principle 6:

Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Recommendation 6.1 – Risk Management Framework
Blackpearl Group is committed to managing risks proactively. The Audit and Risk Committee assists the Board in carrying out its risk management responsibilities by providing additional oversight regarding Blackpearl Group's risk management framework and monitoring compliance with that framework.

The Board delegates day to day management of the risk management framework to senior management. The executive team and senior management maintain a risk register identifying the material risks facing the Company and how Blackpearl Group will manage them. This is reported to the Board on a regular basis and is reviewed by the Board to ensure that it reflects any developments and growth in the business. The Board is satisfied that Blackpearl Group has in place a risk management process to identify, manage effectively and monitor Blackpearl Group's principal risks. Blackpearl Group maintains insurance policies that it considers adequate to meet its insurable risks.

Recommendation 6.2 - Health and Safety
Given the nature of Blackpearl Group's business and size, Blackpearl Group does not have a dedicated Health and Safety committee. The Board, however, is mindful that Blackpearl Group's People are exposed to mental health, stress and wellbeing risks. To ensure the mitigation of these risks, Blackpearl Group strives to create a positive and thriving company culture and offer competitive remuneration and incentive packages for its employees and contractors.

Principle 7:
Auditors

"The Board should ensure the quality and independence of the external audit process."

Recommendation 7.1 - External Auditors
The Audit and Risk Committee Charter governs the Board's relationship with its external auditors. Blackpearl Group's compliance with the Audit and Risk Committee Charter ensures that:

- audit independence is maintained, both in fact and appearance, such that Blackpearl Group's external financial reporting is viewed as being reliable and credible; and
- free and open communication between the Directors and external auditors is maintained.

In relation to Blackpearl Group's relationship with external auditors, the Audit and Risk Committee is responsible for:

- reviewing and enquiring into Blackpearl Group's financial statements, including providing the Board with additional assurance about the quality and reliability of any financial information issued publicly by the Company from time to time;
- approving the auditor's engagement letter and setting audit fees;
- pre and post audit meetings, including any meetings with auditors or senior management as required;
- reviewing the Company's annual audit plan and audit timetable;
- reviewing the management letter, auditor performance and ensuring rotation of the audit partner; and
- approving any non-audit engagements performed by the audit firm.

For FY23, William Buck Audit (NZ) Limited was the external auditor for Blackpearl Group. William Buck was first appointed as auditor on 10 February 2023. Rotation of the audit partner occurs every five years.

All audit work at Blackpearl Group is separated from non-audit services, to ensure that appropriate independence is maintained. William Buck provided only audit work in FY23. The amount of fees paid to William Buck during FY23 is identified on page 73.

William Buck has provided the Audit and Risk Committee with written confirmation that, in its view, it was able to operate independently during the year.

Recommendation 7.2 - Auditor attendance at the Annual General Meeting
William Buck is available to attend each Annual Meeting of the Company (either virtually or in person), and the Audit Director is available to answer questions from shareholders at that Meeting.

Recommendation 7.3 - Internal Audit
Due to Blackpearl Group's size and current position, Blackpearl Group does not have a dedicated internal auditor role. Blackpearl Group does have an Audit and Risk Committee for educating and improving internal risk processes. As the Company grows, it will consider further resources in this area.

Principle 8:
Shareholder Rights & Relations

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Recommendation 8.1 - Access to Information
Blackpearl Group is committed to ensuring that its shareholders are kept up to date with key activities and are provided with relevant information about the Company and its performance. The Company communicates with shareholders during the financial year through annual and half year reports and at the Annual Shareholders' Meeting.

Blackpearl Group maintains an investor relations section on the company's website available to access at https://www.blackpearl.com/investor-centre/. This provides access to key corporate governance documents, copies of all major announcements, company reports and presentations.

Recommendation 8.2 - Investor Communication
Written communications and reports are available to be viewed on the Blackpearl Group's website, as well as emailed to shareholders that elect to be emailed.

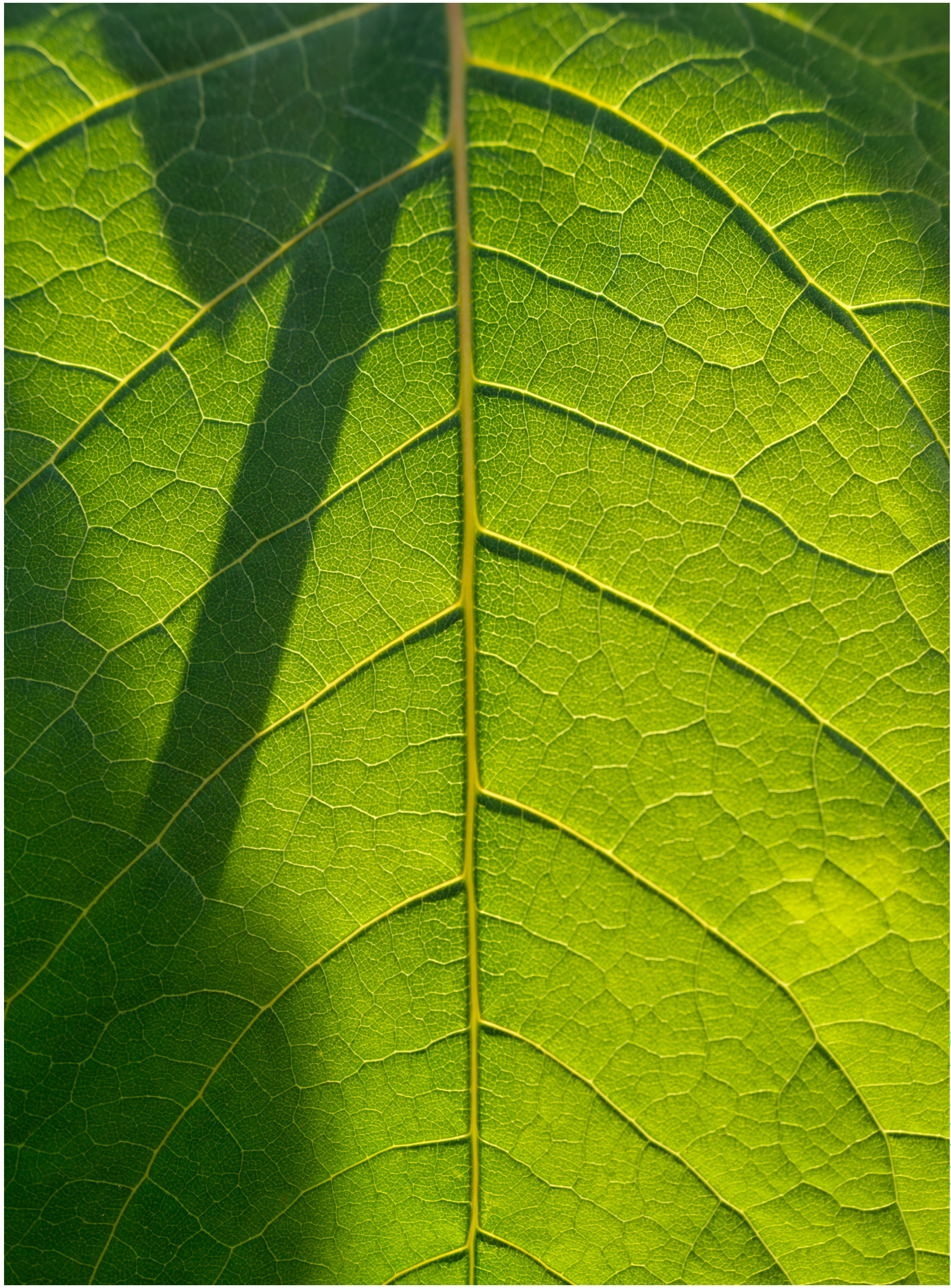
NZX announcements are also available on the NZX website https://www.nzx.com/companies/BPG/announcements.

In addition to shareholders, Blackpearl Group has a wide range of stakeholders and maintains open channels of communication for all audiences, including the investing community and product partners.

Recommendation 8.3 - Voting on Major Decisions
In accordance with the NZX Listing Rules, shareholders have the right to vote on major decisions which may change the nature of Blackpearl Group. Each shareholder has one vote per share and voting is conducted by polls.

Recommendation 8.4 - Additional Equity Offers
Should Blackpearl Group consider raising additional capital, Blackpearl Group will structure the offer having regard to likely levels of shareholder participation and optimising and enhancing the ability to maximise the level of capital raised. The Board will look to give all shareholders an opportunity to participate in any capital raising.

Recommendation 8.5 - Notice of Meetings
Blackpearl Group will hold its annual meeting of Shareholders in August 2023. Blackpearl Group will aim to provide at least 20 working days of the notice of the Annual Shareholders' Meeting, which will be posted on Blackpearl Group's website, announced on the NZX and sent to shareholders prior to the meeting.



Additional Statutory Information

Remuneration

Remuneration of Directors

The overall director fee pool (the total fees available for payment to Directors in their capacity as Directors) was set pre-listing in 2022 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.

For the two years from 1 December 2022 (i.e. 1 December 2022 to 30 November 2024), the Board 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).

In order to preserve cash in Blackpearl Group and align (or further align) the interests of the non-executive directors with Blackpearl Group, the Board and each non-executive Director agreed for Blackpearl Group to make a one-off issue of restricted shares (Restricted Shares) to the non-executive Directors 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.

Restricted Shares

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:
  - half on the one year anniversary date of the Company's listing and quotation on the NZX Main Board; and
  - half 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.

Director Remuneration

The table below sets out the total of the remuneration and the value of other benefits received by each Director during the financial year to 31 March 2023. The Board Charter provides that no sum is paid to any non-executive Director upon retirement or cessation of office.

Director	Board Fees	Other Benefits[1]	Total FY23	Date Appointed
Tim Crown	$0	$60,000[2]	$60,000	Appointed 2 January 2020
Nick Lissette	-	$291,856[3]	$291,856	Appointed 25 October 2012
Cherryl Pressley	$13,333	$10,000[4]	$23,333	Appointed 24 November 2022
Mark Osborne	$13,333	$10,000[5]	$23,333	Appointed 24 November 2022
Total	$26,666	$371,856	$398,522	

1. The Board does not pay committee fees.
2. Tim Crown was issued 288,000 fully paid Restricted Shares as part of the Director remuneration package as described above. The value of the Restricted Shares reflects the value as at the FY23 period.
3. Nick Lissette receives a base salary of $291,856 as CEO of Blackpearl Group as at 31 March 2023.
4. Cherryl Pressley was issued 48,000 fully paid Restricted Shares as part of the Director remuneration package as described above. The value of the Restricted Shares reflects the value as at the FY23 period.
5. Mark Osborne was issued 48,000 fully paid Restricted Shares as part of the Director remuneration package as described above. The value of the Restricted Shares reflects the value as at the FY23 period.

Employee Remuneration

Executive Remuneration Framework

Blackpearl Group's executive remuneration policies and practices are designed to attract, retain and motivate high calibre people. The Board has reviewed executive remuneration with the assistance of external independent advice. Executive remuneration comprises a fixed component and 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.

Pre-Listing Share Rights Scheme

Under the Pre-Listing Share Rights Scheme, current and former employees and independent contractors were granted rights to Shares either:

- 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
- 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.

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.

CEO/Executive Director Remuneration Disclosure

Nick Lissette is the CEO as at 31 March 2023. He did not receive any remuneration in his capacity as a Director but was remunerated as CEO as per the table below. The CEO's remuneration is reviewed annually by the Remuneration Committee and approved by the Board.

Executive Director / CEO	Salary	Pre-Listing Share Rights Scheme earned in FY	Total Remuneration
Nick Lissette	$291,856	$0	$291,856

Employee Remuneration
The table below shows the number of current and former employees of the Company (not being Directors of the Company) who received remuneration and other benefits, including non-cash benefits and share-based remuneration, in their capacity as employees during the year ended 31 March 2023 that in value was or exceeded $100,000 per annum.

Remuneration	FY23 No. of Employees
$100,001 - $110,000	7
$110,001 - $120,000	2
$130,001 - $140,000	3
$140,001 - $150,000	3
$160,001 - $170,000	1
$170,001 - $180,000	1
$190,001 - $200,000	1
$200,001 - $210,000	1
$210,001 - $220,000	2
$270,001 - $280,000	1
$280,001 - $290,000	1
$540,001 - $550,000	1

Disclosures

Directors
The following persons were Directors of Blackpearl Group as at 31 March 2023:

Director	
Tim Crown	Non-Independent Non-Executive Director and Acting Chair
Nick Lissette	Non-Independent Executive Director and CEO
Cherryl Pressley	Independent Non-Executive Director
Mark Osborne	Independent Non-Executive Director

Disclosure Of Interests By Directors
In accordance with Section 140(2) of the Companies Act 1993, the Company maintains an interests register in which Directors interests are recorded. The following are particulars of general disclosures of interest by Directors holding office at 31 March 2023. Particulars of entries made during the year to 31 March 2023 are noted in brackets, for the purposes of section 211(1)(e) of the Companies Act 1993.

Director	Name of Business or Entity	Nature and Extent of Interest
Tim Crown*	Black Pearl Group Limited	Chairman/Director/Shareholder
	Black Pearl Mail, Inc	Director
	Crown BP Holdings, LLC	Director/Shareholder
	Insight Enterprises, Inc	Chairman/Director/Shareholder
	Trovo Data, LLC	Shareholder
	Trovo Data Holdings, Inc	Director/Shareholder
	5x5 US, LLC	Shareholder
	Prospect Desk, LLC	Shareholder
Nick Lissette	Black Pearl Group Limited	Director/Shareholder/CEO
	Black Pearl Mail, Inc	Director
	Newoldstamp Limited	Director
	The Better Wine Company New Zealand Limited	Director/Shareholder
	NJL Limited	Director
	Nicholas John Lissette and Karen Islay Cargill as Trustees of the Per Aspera Ad Astra Trust	Trustee
Cherryl Pressley	Black Pearl Group Limited	Director/Shareholder
Mark Osborne	Black Pearl Group Limited	Director
	Te Ahu Charitable Trust	Director
	Doubtless Beauty Limited	Director
	Doubtless Consulting Limited	Director
	Top End Tours Limited	Director
	FLGX BOI Limited	Director

* Tim Crown (including through entities of which he controls or has significant influence) holds an extensive investment portfolio in a large number of enterprises globally. This investment portfolio includes both passive and active investments. Standing entries in the interests register are included for Mr. Crown's principal interests and any other interests which are considered potentially relevant to his role as a director of the Company. Due to the extent and changing nature of Mr. Crown's investment portfolio, it is impractical to include entries for each investment in the portfolio (which are generally irrelevant to the Company in any event). The Board reviews the interests register at every Board meeting to ensure that any interests relevant to the Company are included in the interests register in accordance with the Companies Act 1993.

Directors' Share Dealings
In accordance with the Companies Act 1993 between 1 April 2022 and 31 March 2023 the Board received the following disclosures from Directors of acquisitions and dispositions of relevant interests in shares issued by the Company and details of such dealings were entered in the Company's interests register.

Director	Transaction	Number of Securities	Price per Security	Date
Tim Crown	**Restricted Shares issued**	48,000	$1.25	29 November 2022
Nick Lissette	Transfer of interest into family trust	1,821,000	N/A	23 November 2022
	Issue of shares from pre-listing employee share scheme	225,000	N/A	23 December 2022
Cherryl Pressley	Restricted Shares issued	8,000	$1.25	29 November 2022
Mark Osborne	Restricted Shares Issued	8,000	$1.25	29 November 2022

Directors' Shareholdings Interests
As at 31 March 2023 the Directors of the Company had the following relevant interests in the Company's Shares, Restricted Shares and Warrants.

Director	Legal Ownership or other Nature of the Interest	Ordinary Shares	Restricted Shares	Warrants*
Tim Crown	Registered holder and beneficial owner of 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.	2,711,105	48,000	2,500,000
Nick Lissette	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.	2,046,000	-	-
Cherryl Pressley	Registered holder and beneficial owner of Restricted Shares. Registered holder and beneficial owner of Shares.	40,790	8,000	-
Mark Osborne	Registered holder and beneficial owner of Restricted Shares.	-	8,000	-

* 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. The Warrants can be exercised from 24 May 2023 and will expire on 24 May 2028.

Use of Company Information
There were no notices from Directors of the Company pursuant to section 145 of the Companies Act 1993 requesting to use Company information received in their capacity as directors that would not otherwise have been available them.

Subsidiary Company Directors
The following persons held office as Directors of subsidiary companies as at 31 March 2023. Employee directors of subsidiary companies appointed by Blackpearl Group do not receive director's fees, remuneration or other benefits in their capacity as directors. The remuneration and other benefits of such employees, received as employees, are included in the relevant bands for remuneration disclosed under Employee Remuneration section above.

Company	Directors
Newoldstamp Limited	Nick Lissette
Black Pearl Mail, Inc, (US registered subsidiary)	Nick Lissette, Tim Crown

Spread Of Security Holders
As at 31 March 2023:

Size of Shareholding	Number of Holders	% of Shareholders	Total Shares Held	% of Shares
1-1,000	9	7.26%	4,451	0.01%
1,001-5,000	9	7.26%	33,664	0.10%
5,001-10,000	12	9.68%	89,262	0.25%
10,001-50,000	40	32.25%	1,097,981	3.10%
50,001-100,000	8	6.45%	592,398	1.68%
100,001 or more	46	37.10%	33,545,703	94.86%
Total	**124**	**100.00%**	**35,363,459**	**100.00%**

Top 20 Shareholders
The names and holdings of the twenty largest registered shareholders in the Company as at 31 March 2023 were:

Rank	Shareholder	Total Shares Held	% of Shares
1	VTPE Investments LLC	4,130,028	11.68%
2	Crown BP Holdings LLC	2,711,105	7.67%
3	Shane D Bruhns & Georgina F Bruhns & Margot J Thompson & Scott W Bruhns	2,429,899	6.87%
4	Sir Owen George Glenn	2,403,720	6.80%
5	Nicholas John Lissette & Karen Islay Cargill	2,046,000	5.79%
6	HSBC Nominees (New Zealand) Limited	1,815,963	5.14%
7	Accident Compensation Corporation	1,280,527	3.62%
8	JBWERE (Nz) Nominees Limited	1,118,876	3.16%
9	Allan Raymond Smith & Neil William Welch	1,083,859	3.06%
10	Peter Clare	1,081,991	3.06%
11	Lance Revel Lissette	907,586	2.57%
12	Targa Investments Limited	906,130	2.56%
13	Gentry Investments Limited	901,681	2.55%
14	New Zealand Depository Nominee	834,450	2.36%
15	Volodymyr Zastavnyy	703,634	1.99%
16	The Gerald R. Meek & Carolyn R. Meek Family Trust	690,523	1.95%
17	Paul James Fraser & Kevin Robert Smith	610,399	1.73%
18	Neil Andrew Richardson	604,572	1.71%
19	Russell Mark Bennett	531,732	1.50%
20	Internationals Limited	506,300	1.43%

Substantial Product Holders
The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013 and is based on substantial product holder notices filed with the Company during FY23 and the Company's share register as at 31 March 2023. As at 31 March 2023, details of the substantial product holders in the Company and their relevant interests in the Company's ordinary shares are shown in the table below. The total number of voting securities (fully paid ordinary shares) of the Company as at 31 March 2023 was 35,363,459.

Substantial Product Holder	Number of Shares	% of Issued Shares
VTPE Investments LLC	4,130,028	11.68%
Crown BP Holdings LLC	2,711,105	7.67%
Shane D Bruhns & Georgina F Bruhns & Margot J Thompson & Scott W Bruhns	2,429,899	6.87%
Sir Owen George Glenn	2,403,720	6.80%
Nicholas John Lissette & Karen Islay Cargill as Trustees of the Per Aspera Ad Astra Trust	2,046,000	5.79%

Other Information

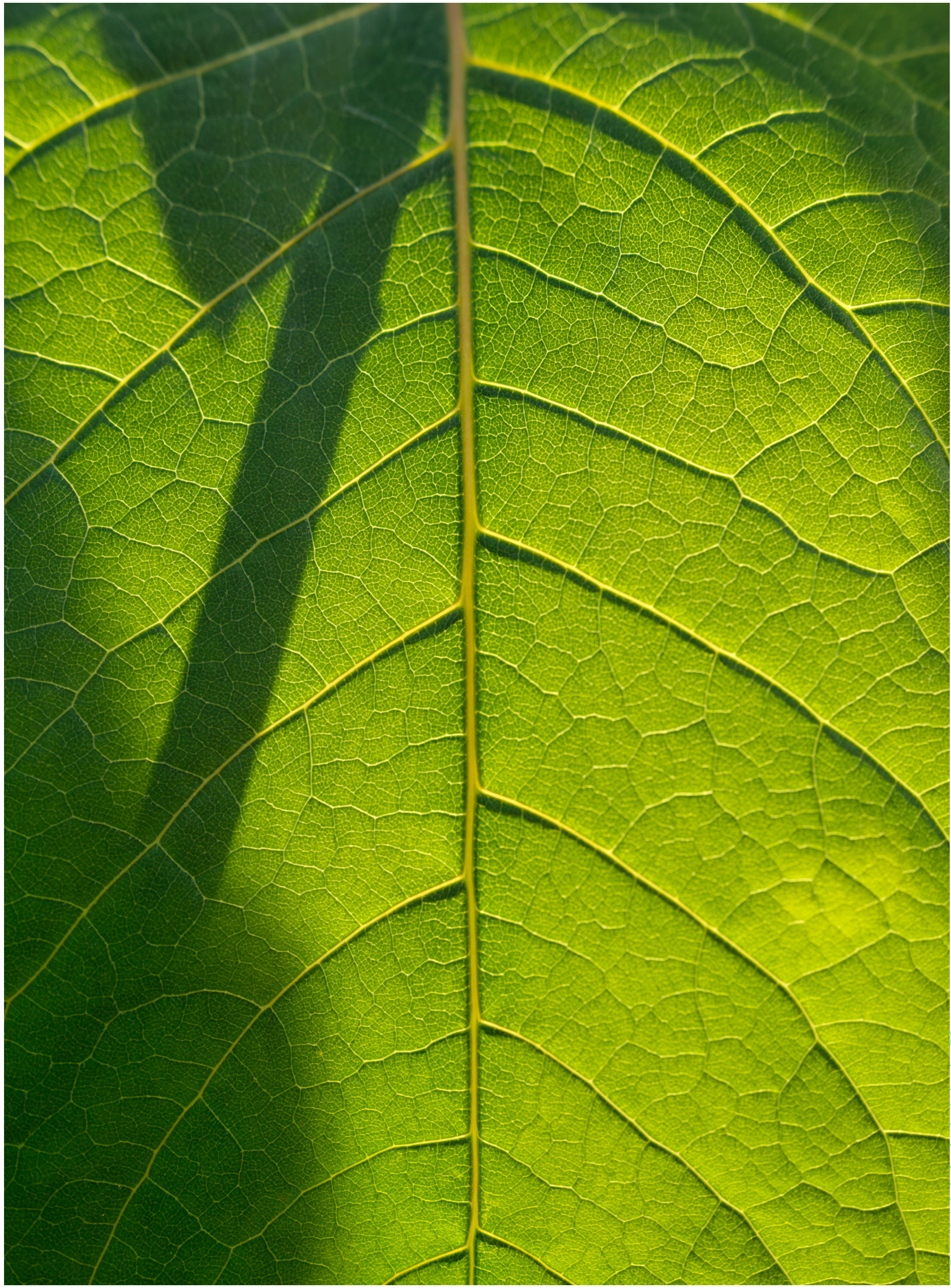
Auditor's Fees
For FY23, William Buck Audit (NZ) Limited was the external auditor for Blackpearl Group. William Buck was first appointed as auditor on 10 February 2023.

During the year ended 31 March 2023, the amount payable by Blackpearl Group to William Buck as audit and review fees was $106,000. The amount of fees payable to William Buck for non-audit work during the year ended 31 March 2023 was $0. Blackpearl Group's prior year auditor, Baker Tilly Staples Rodway was paid $2,844 in fees for agreed upon procedures for revenue recognition. This is detailed in Note 9 of the Financial Statements.

Donations
No donations were made by the Company and its subsidiaries during the year ended 31 March 2023.

NZX Waivers

There were no waivers granted by NZX or relied on by the Company in the 12 months preceding 31 March 2023.



Consolidated Financial Statements

Consolidated Financial Statements

Contents:

William Buck
ACCOUNTANTS & ADVISORS

Black Pearl Group Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Black Pearl Group Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Black Pearl Group Limited or any of its subsidiaries.

Material Uncertainty Related to Going Concern

We draw attention to Note 28 in the consolidated financial statements, which indicates that the Group incurred a total comprehensive loss for the year of $7,004,373 during the year ended 31 March 2023 and, as of that date, the Group's current liabilities exceeded its current assets by $921,913. As stated in Note 28, these matters and other events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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William Buck
ACCOUNTANTS & ADVISORS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Business Combination

Area of focus – refer also Notes 15, 16 & 17	How our audit addressed it
The Group acquired a significant subsidiary, NewOldStamp, on 1 November 2022. This transaction has been accounted for as a business combination under NZ IFRS 3 *Business Combinations.* The process to determine the appropriate accounting treatment and related disclosures in the financial statements involves significant technical complexity and judgement. We therefore considered this to be a key audit matter. This transaction has resulted in recognition of several significant balances in the Statement of Financial Position on acquisition: • Intangible Assets of $1.5m • Goodwill of $2.6m • Contingent Consideration Liability of $1.1m	Our audit procedures included: — Analysed the Group's Business Combination accounting for compliance with NZ IFRS 3 — Reviewed the underlying supporting documentation of the transaction — Engaged an expert third party to test the valuation of the Intangible Assets and the Contingent Consideration — Tested the calculations and key assumptions for determining the Contingent consideration and the accounting treatment — Ensured appropriate disclosure has been included in the financial statements

Shareholder Loan & associated Warrants

Area of focus – refer also Notes 21 & 26	How our audit addressed it
In November 2022 the Group obtained a loan of $2.4m from a shareholder with an interest rate of 1% and issued 2.5 million warrants convertible to fully paid ordinary shares of the company at below market price. The process to determine the appropriate accounting treatment in the financial statements involves significant technical complexity and judgement. We therefore considered this to be a key audit matter.	Our audit procedures included: — Reviewed the underlying supporting documentation of the transaction and investigated whether the accounting treatment was in compliance with NZ IFRS — Engaged an expert third party to test the valuation of the financial statement impacts — Ensured appropriate disclosure has been included in the financial statements

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated statements on 31 August 2022.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Annual report on pages 4 - 49, including Messages from the Chair and CEO, Strategic Overview, Corporate Governance Statement and Additional Statutory Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The directors are responsible on behalf of the Group for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at: Audit Report 1 » XRB. This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Darren Wright.

Restriction on Distribution and Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

William Buck

William Buck Audit (NZ) Limited
Auckland

30 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023	2022
		$	$
Subscription revenue	6	1,430,746	726,526
Cost of sales			
Reseller commissions		(40,770)	(35,205)
Personnel expenses	8	(234,060)	(142,777)
Hosting and server costs		(382,151)	(331,787)
Merchant bank fees		(73,036)	(24,371)
Gross profit		700,729	192,386
Other revenue	7	179,888	172,667
Personnel expenses	8	(3,590,928)	(2,564,780)
Operating expenses	9	(2,597,690)	(1,731,071)
Administrative expenses	9	(1,730,129)	(604,373)
Finance income	10	2,822	171
Finance costs	10	(135,362)	(28,309)
Loss before income tax		**(7,170,670)**	**(4,563,309)**
Net income tax credit	11	270,022	215,910
Loss for the year attributable to owners of the parent		(6,900,648)	(4,347,399)
Other comprehensive income (that may be subsequently reclassified through profit or loss)			
Exchange differences on translation of foreign operations		(103,725)	(1,780)
Total comprehensive loss for the year		**(7,004,373)**	**(4,349,179)**
Earnings per share		**2023**	**2022 Restated**
Basic loss for the year attributable to owners	24	(0.21)	(0.15)
Diluted loss for the year attributable to owners	24	(0.21)	(0.15)

*prior year earnings per share figures have been restated as a result of a share split - see Note 23

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	At 31 March 2023	At 31 March 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents	12	1,759,268	900,588
Trade and other receivables	13	301,599	221,047
Income tax receivable		3,846	219,756
Prepayments		69,828	37,168
Total current assets		**2,134,541**	**1,378,559**
Non-current assets			
Property, plant and equipment	14	21,597	25,007
Goodwill	15	2,872,493	-
Intangible assets	15	1,659,872	333,231
Total non-current assets		4,553,962	358,238
Total assets		**6,688,503**	**1,736,797**
Liabilities			
Current liabilities			
Trade and other payables	19	511,008	242,883
Employee entitlements	20	195,313	151,936
Current contingent consideration	17	576,941	-
Current loans and borrowings	21	1,291,790	27,888
Contract liabilities	6	481,402	6,128
Total current liabilities		**3,056,454**	**428,835**
Non-current liabilities			
Non-current contingent consideration	17	481,919	-
Non-current loans and borrowings	21	1,093,907	339,974
Total non-current liabilities		1,575,826	339,974
Total liabilities		**4,632,280**	**768,809**

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	At 31 March 2023	At 31 March 2022
		$	$
Equity			
Share capital	23	28,545,173	22,012,727
Accumulated losses		(29,796,748)	(22,672,146)
Share based payment reserve	25	2,687,853	1,419,248
Shareholder warrants reserve	26	515,511	-
Foreign currency translation reserve		104,434	208,159
Equity attributable to the owners		2,056,223	967,988
Total liabilities and equity		**6,688,503**	**1,736,797**

Signed for and on behalf of the board:

Nicholas Lissette

Date: 30 June 2023

Timothy Crown

Date: 30 June 2023

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Notes	Share capital	Accumulated losses	Share based payment reserve	Share warrants reserve	Foreign currency translation reserve	Total
		$	$	$	$	$	$
Balance at 31 March 2022		**22,012,727**	**(22,672,146)**	**1,419,248**	**-**	**208,159**	**967,988**
Loss for the year		-	(6,900,648)	-	-	-	(6,900,648)
Translation differences of foreign operations		-	-	-	-	(103,725)	(103,725)
Transactions with owners in their capacity as owners							
Issue of share capital	23	6,082,758	-	(608,545)	-	-	5,474,213
Distribution to owners to extinguish pre-dividend loan	23	223,954	(223,954)	-	-	-	-
Share based payments	25	608,545	-	759,056	-	-	1,367,601
Equity classified contingent consideration	25	-	-	1,118,094	-	-	1,118,094
Transaction costs arising on share issue	9A	(382,811)	-	-	-	-	(382,811)
Share warrants issue	26	-	-	-	515,511	-	515,511
Balance at 31 March 2023		**28,545,173**	**(29,796,748)**	**2,687,853**	**515,511**	**104,434**	**2,056,223**
Balance at 31 March 2021		20,597,057	(18,324,747)	1,251,421	-	209,939	3,733,670
Loss for the year		-	(4,347,399)	-	-	-	(4,347,399)
Translation differences of foreign operations		-	-	-	-	(1,780)	(1,780)
Transactions with owners in their capacity as owners							
Issue of share capital	23	1,415,670	-	-	-	-	1,415,670
Employee share based payments	25	-	-	167,827	-	-	167,827
Balance at 31 March 2022		**22,012,727**	**(22,672,146)**	**1,419,248**	**-**	**208,159**	**967,988**

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023	2022
		$	$
Cash flows from operating activities			
Cash receipts from customers		1,688,631	714,261
Cash paid to resellers for their commission		(85,505)	(4,369)
Cash paid to suppliers and employees		(7,173,622)	(4,909,742)
Receipt of government grants		180,244	141,292
GST payments		(33,273)	4,691
US Federal taxes paid		(178)	(46,714)
NZ Income tax refund		215,910	305,178
Interest Paid		-	(89)
Net cash used in operating activities	**32**	**(5,207,793)**	**(3,795,492)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,344)	(11,705)
Acquisition of Newoldstamp		(783,608)	-
Acquisition and development of intangible assets		(184,642)	-
Proceeds on disposal of property, plant and equipment		-	975
Interest received		2,822	100
Net cash used in investing activities		**(977,772)**	**(10,630)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		-	(16,889)
Cash receipts from sublease payments		-	5,742
Repayment of loans and borrowings		(5,200)	-
Proceeds from borrowings		2,400,000	-
Direct costs incurred in issuing equity		(291,112)	-
Cash receipts from issue of share capital		4,991,330	1,415,670
Net cash from financing activities	**32**	**7,095,018**	**1,404,523**

The accompanying notes form part of these consolidated financial statements.

	Notes	2023	2022
		$	$
Net increase/(decrease) in cash and cash equivalents		909,453	(2,401,599)
Opening cash and cash equivalents at beginning of the year		900,588	3,303,958
Effect of exchange rate fluctuations on cash held		(50,773)	(1,771)
Cash and cash equivalents at year end	**12**	**1,759,268**	**900,588**

Notes to the consolidated financial statements

For the year ended 31 March 2023

1. **REPORTING ENTITY**

Black Pearl Group Limited (the 'Company') is a limited liability company incorporated and domiciled in New Zealand, registered under the Companies Act 1993.

The Company is a profit-oriented entity and are engaged in the business of building, acquiring, and marketing data-driven cloud services, consisting of a suite of productivity and demand generation applications for small and medium-sized businesses.

2. **BASIS OF PREPARATION**

The consolidated financial statements comprise the results and financial position of the Company and its wholly owned subsidiaries, Black Pearl Mail Incorporated and Newoldstamp Limited (together the 'Group') for the year ended 31 March 2023.

Statement of compliance

The consolidated financial statements have been prepared in accordance with the Companies Act 1993 and with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). These consolidated financial statements are Tier 1 for-profit entity that comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS.

They comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS.

The consolidated financials statements are presented in New Zealand dollars, rounded to the nearest dollar.

These financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business - for more detail refer to Note 28.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, apart from certain assets and liabilities which are initially measured at fair value.

Functional and presentational currency

The financial results of each entity within the consolidated Group is measured using the currency of the primary economic environment in which that entity operates (the 'functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentational currency.

Certain balances have been reclassified in the comparative period to reflect Management's current classification of costs.

3. **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

In preparing these consolidated financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

These estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are:

- Estimated useful life of capitalised software development costs - Note 15
- Fair value estimation for balances and transactions from the Newolstamp acquisition - Note 16
- Estimation of prevailing market interest rate for below-market term loans - Note 21
- Fair value estimation of contingent consideration as part of the Newoldstamp acquisition - Notes 16 and 17
- Fair value estimation of share price at grant date for share-based compensation - Note 25
- Value of the share warrants - Note 26

Management has exercised the following critical judgements in applying accounting policies:

- Subscription revenue performance obligations and satisfaction of those obligations - see Note 6
- Agent vs principal determination for subscription resellers - see Note 6
- Accounting for payments as government grants - see Note 7
- Equity classification of contingent consideration as part of the Newoldstamp acquisition - Note 16
- Impairment of cash generating units - Note 18
- Preparation under the going concern assumptions - see Note 28
- Classification of the share warrants as an equity instrument - see Note 26
- Share warrants and shareholder loan as linked instruments - see Note 26

4. **ACCOUNTING POLICIES**

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a respective note are outlined below.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

All subsidiaries have a reporting date of 31 March. All intra-group balances and transactions, and unrealised profits and losses arising from intra-group transactions are eliminated in preparing the Group financial statements.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST) and other indirect taxes except for trade receivables and trade payables that are stated inclusive of GST.

Statement of Cash Flows

The cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of profit or loss and comprehensive income. Definitions of the terms used in the cash flow statements:

- *Operating activities* are the principal revenue-producing activities of the Group and includes all transactions and other events that are not investing or financing activities.
- *Investing activities* are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- *Financing activities* are those activities relating to changes in the size and composition of the contributed equity and borrowings of the Group.

Foreign currency translations

Transactions and balances

Foreign currency transactions are initially translated to the Group's functional currency using the prevailing exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement and from the revaluation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Consolidation of foreign operation's transactions and balances

The results and financial position of the Company's subsidiary, prior to consolidation, are translated into the Group's presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the Statement of Financial Position;
- Income and expenses are translated using the average exchange rates for the relevant year (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on transaction dates, in which case income and expenses are translated at the dates of the transactions);
- Translation differences arising from the intercompany loan are recognised through profit or loss; and
- Except for the translation differences arising from the intercompany loan, all translation differences are recognised through other comprehensive income and are recorded through the foreign currency translation reserve.

Fair value estimation

The Group measures certain balances and transactions at fair value either at initial recognition or subsequently. In order to determine these fair values, valuation techniques are utilised. To provide an indication about the reliability of the inputs used in determining fair value, the Group has identified what level of input is utilised in the valuation in the note for each balance or transaction. An explanation of each level is below.

- Level 1 - The fair value of the asset, liability or instrument is traded in active markets and is based on quoted market prices at the end of the reporting period.
- Level 2 - The fair value of the asset, liability or instrument which is not traded in an active market and is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.
- Level 3 - If one or more of the significant inputs is not based on observable market data, the asset, liability, or instrument is included in Level 3.

5. OPERATING SEGMENTS

Accounting policy

Operating segments are components of an entity, engaged in business activities which may earn revenues and incur expenses, whose operating results are:

- regularly reviewed by an entity's chief operating decisions makers ('CODM');
- used by the CODM to make decisions about resources to be allocated to the segment;
- used by the CODM to assess the performance of the segment; and
- where discrete financial information is available.

Basis for operating segments

For the 31 March 2023 financial year, the Group had two reportable segments based off the Group's major product subscriptions available during the year: Black Pearl Mail and Newoldstamp. These segments have been determined based on how the CODM reviews financial and operational performance, and the allocation of resources across the Group. The Group's CODM is the chief executive officer and the board of directors.

Financial performance information reviewed by CODM

The financial information presented for the reportable segments are the main financial performance indicators the CODM reviews for allocation of resources and reviewing performance. The main information the CODM reviews is the subscription fees, marketing costs and personnel expenses. This information is reviewed at least quarterly along with the metrics below.

	2023			2022		
	Black Pearl Mail	Newoldstamp	Group	Black Pearl Mail	Newoldstamp	Group
	$	$	$	$	$	$
Subscription fees - cash collected	1,257,554	431,077	1,688,631	714,261	-	714,261
Subscription fees - accrual adjustment	(26,399)	(231,486)	(257,885)	12,265	-	12,265
Other revenue streams	182,710	-	182,710	172,667	-	172,667
Total revenue	1,413,865	199,591	1,613,456	899,193	-	899,193
Marketing	780,309	135,639	915,948	758,648	-	758,648
Personnel expenses and contractor costs	3,750,941	703,218	4,454,159	2,707,557	-	2,707,557
Other expenses	3,277,330	136,689	3,414,019	1,996,297	-	1,996,297
Net loss before tax	**6,394,715**	**775,955**	**7,170,670**	**4,563,309**	**-**	**4,563,309**

*revenue does not include intra-group or intra-segment amounts

Operating segments

In the previous financial year, the entire Group was considered as a single operating segment as the Group collectively operated and focused on its core product, Black Pearl Mail. With the acquisition of Newoldstamp, the Group considers there to be two operating segments as CODM are managing and assessing performance and allocating resources by product offering. The Group have recently launched Black Pearl Diver as the newest feature of the Pearl Engine platform. This is included in the Black Pearl Mail operating segment, as they leverage the same technology base. The Group continues to operate collectively, with business activities and strategic decisions made at the Group level.

Geographical information

The Group has extensive international coverage, with the United States being its primary market for subscribers.

The following is breakdown of subscription revenue earned from customers for the top five locations of each segment, which collectively represent 95% of the Group's total subscription revenue.

	2023			2022		
	Black Pearl Mail	Newoldstamp	Group	Black Pearl Mail	Newoldstamp	Group
	$	$	$	$	$	$
United States	674,444	119,444	793,888	383,846	-	383,846
Australia	277,555	11,403	288,958	166,502	-	166,502
New Zealand	124,945	1,167	126,112	92,466	-	92,466
Canada	93,414	9,768	103,182	45,242	-	45,242
United Kingdom	39,577	11,774	51,351	23,451	-	23,451
Other	21,220	46,035	67,255	15,019	-	15,019
Total	**1,231,155**	**199,591**	**1,430,746**	**726,526**	**-**	**726,526**

6. SUBSCRIPTION REVENUE

Accounting policy

Subscription revenue is comprised of recurring monthly, quarterly and annual fees from subscribers to the Black Pearl Mail ('BPM') and Newoldstamp ('NOS') cloud-based software. Subscriptions are made directly through the BPM and NOS websites, or through resellers. Revenue is recognised on a straight-line basis across the term of the subscription. A receivable for subscription revenue is recognised once unconditional payment is due from the customer. Typically, this is when the customer signs up to the subscription or when a subscription is renewed as contractually agreed.

Payments received in advance of the subscription term are recognised as contract liabilities. Contract liabilities are reduced as revenue is recognised across the term of the subscription. Because payments are collected in advance of the subscription, the Group has no contract assets.

- **BPM subscriptions**
  These are mainly comprised of recurring monthly fees from subscribers, but there is an option for customers to pay for longer subscriptions in advance. Customers on monthly subscriptions are invoiced at the start of each subscription month. Customers who choose to pay for longer subscriptions are invoiced at the start of the subscription period, and revenue is recognised on a straight line basis across the term of the subscription.

- **NOS subscriptions**
  These are comprised of recurring monthly, quarterly and annual fees from subscriptions. The majority of customers are on annual subscriptions. Customers are invoiced at the start of each subscription period and revenue is deferred upon payment and recognised on a straight line basis across the term of the subscription. NOS subscriptions account for the majority of the Group's contract liabilities.

Resellers earn commission for their services which is amortised over the term of the contract. For contracts that are less than 12 months, a practical expedient is applied and the commission is expensed when incurred.

Significant judgements applied

Application of NZ IFRS 15 Revenue from contracts with customers

The agreed subscription price with the customer is the transaction price. The Group's performance obligations for subscriptions to BPM and NOS consist of the access provided to the platform and its related features, as well as related support provided over the subscription term. These services are provided simultaneously during the subscription period and revenue is recognised over time as the services are performed.

Principal vs agent assessment in reseller arrangements

In a reseller arrangement, the subscription contract is made between the customer and the reseller. The Group is the principal in the transaction because the subscription services the customer is entitled to are controlled and mainly provided by the Group. The Group holds the primary responsibility for providing the subscription services to customers (including issuing and managing all active licences) and ensuring the software is operating as required. The Group is also responsible for providing all substantial on-going customer support to customers. The Group records the full transaction price as revenue and the reseller commission as an expense.

In the following table, revenue from contracts with customers is disaggregated between its direct sales and reseller sales.

Reconciliation to total subscription revenue		2023		2022
	$	%	$	%
Total direct sales	1,301,979	91	639,786	88
Total reseller sales	128,767	9	86,740	12
Total subscription revenue	**1,430,746**	**100**	**726,526**	**100**

The Group reviewed the requirements of NZ IFRS 15 Revenue from contracts with customers on a portfolio basis, being contracts for sales directly with customers ('Direct Sales') and customers obtained through resellers ('Reseller Sales'). This is because the BPM and NOS performance obligations for all Direct Sales are identical, and all its performance obligations under Reseller Sales are largely identical. The Group has no significant financing components in any of its contracts with customers.

The following table summarises information about the subscription revenue receivables and contract liabilities:

	2023	2022
	$	$
Receivables, included in trade and other receivables	135,369	16,263
Contract liabilities	481,402	6,128

Additional information about contract liabilities

As part of the acquisition of the Newoldstamp business, the Group assumed contract liabilities of $169,592 on the acquisition date for subscriptions paid in advance with outstanding service periods. The Group recognised $70,663 of revenue as the required services were provided for the Newoldstamp contract liabilities in other revenue - see Note 7.

The balance of the contract liabilities assumed as part of the acquistion, at the reporting date, is $98,929.

7. OTHER REVENUE

Accounting policy

Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods necessary to match the grant to the costs that it is intended to compensate.

	2023	2022
	$	$
Government grants	109,225	171,470
Fair value write-down of below market-term loans from the government - see Note 21	-	1,197
Amortisation of Newoldstamp contract liabilities	70,663	-
Total other revenue	**179,888**	**172,667**

Significant judgements

Research and Development tax credit incentive

The Group receives a tax incentive related to expenses incurred for research and development purposes. This incentive can take the form of a credit against income tax payable or a cash payment. As the Group is in a loss position, this incentives takes the form a cash payment, not a reduction in tax payable. The Group considers that the most appropriate recognition of this amount is as a government grant, as the conditions are highly specific, there are conditions not related to tax positions and the payment is in cash. The Group has met all requirements and conditions attached to the grant at balance date.

8. PERSONNEL EXPENSES

Accounting policies

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

	2023	2022
	$	$
Salaries and wages	2,937,219	2,411,103
Kiwisaver employer contributions	68,059	52,109
Sales commissions	44,734	37,861
Employee share-based compensation expense - see Note 25	759,056	167,827
Increase in employee entitlements - see Note 20	15,920	38,657
Total personnel expenses	**3,824,988**	**2,707,557**

9. OPERATING COSTS AND ADMINISTRATIVE EXPENSES

Operating costs	2023	2022
	$	$
Advertising and marketing	915,948	758,648
Contractors	629,171	-
Hosting and Server development costs	97,311	95,263
IT service costs	187,770	114,551
Consulting costs	765,863	759,852
Membership fees	1,627	2,757
Total operating costs	2,597,690	1,731,071

Administrative expenses	2023	2022
	$	$
Bank fees	6,144	3,642
Director fees	26,666	-
Accounting fees	133,259	25,666
Auditor's remuneration	108,844	96,000
Depreciation and amortisation	385,052	154,202
Insurance	40,715	25,222
Other expenses	263,507	230,090
Travel expenses	193,791	21,394
Legal fees	25,663	13,361
Initial costs associated with listing	540,082	-
Net foreign exchange (gains)/losses	6,406	34,796
Total administrative expenses	**1,730,129**	**604,373**

Auditor's remuneration
The Group's auditor for the consolidated financial statements for the year ended 31 March 2023 is William Buck Audit (NZ) Limited ('William Buck'). The Group's previous auditor was Baker Tilly Staples Rodway ('Baker Tilly'). Auditor's remuneration for the year includes $106,000 for William Buck's audit (NZ) Limited of the Group's consolidated financial statements for the year, and $2,844 paid to Baker Tilly for agreed upon procedures for revenue recognition.

No other services have been provided by William Buck or Baker Tilly during the period (2022: Baker Tilly, audit services only and no other services).

Leases accounting policy
The Group assesses at contract inception whether a contract contains a lease. The Group recognises a right-of-use asset and lease liabilities for contracts that contain a lease, except for when the practical expedient is applied by the Group when the lease is short term i.e. 12 months or less, or the underlying asset is of low value.

The Group has a month-to-month office space agreement for its Wellington operations. The Group have applied the short term practical expedient; rental payments due to the landlord for the office space are recognised as an expense when they fall due.

The total office rental expense recognised in Other expenses is $141,067 (2022: $134, 924). The Group has no other lease contracts.

9A EQUITY TRANSACTION COSTS

Accounting policy
Transaction costs incurred in issuing or acquiring own equity instruments are accounted for as a deduction from equity, to the extent they are directly attributable to the equity transaction that otherwise would have been avoided. Transaction costs related to an equity transaction that is abandoned are recognised as an expense.

During the year, the Group incurred $382,811 of costs during the Company's capital raise in November 2022. Of the total cost, $91,699 was settled through the issue of shares - see more detail in Note 25.

The costs were mainly from consulting firms, charging a fee based on a percentage against capital raised from investors they had introduced to the Company (2022: none). These costs have been allocated to share capital.

10. NET FINANCE COSTS

Accounting policy
Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Below-market term loans are subsequent measured at amortised cost which the recognition of interest as part of applying the effective interest method. As the below-market term loans is amortised to its present value at reporting date, this includes the recognition of borrowing costs as per above i.e. actual interest payable, and a separate interest expense for the unwind of the initial fair value discount. For more details on below-market term loan accounting, see Note 21.

Finance costs	2023	2022
	$	$
Interest accrued on loans and borrowings	21,356	-
Amortisation of below-market term loans (fair value unwind)	114,006	28,031
Interest on lease liabilities	-	278
Total finance costs	**135,362**	**28,309**
Finance income		
Interest on net investment in sublease	-	71
Bank interest earned	2,822	100
Total finance income	**2,822**	**171**
Net finance costs	**132,540**	**28,138**

11. INCOME AND DEFERRED TAX

Accounting policy

Tax expense comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except when it relates to items recognised directly in equity (in which case the income tax is recognised in equity). Income tax is based on tax rates and regulation enacted in the jurisdiction in which the entities operate.

Deferred tax assets on deductible temporary differences have been recognised to the extent taxable temporary differences exist in the same tax jurisdiction. No deferred tax asset is recognised in excess of the available taxable temporary differences, due to the uncertainty of when the asset can be utilised.

Deferred tax is recognised in respect of temporary differences between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilised.

	2023	2022
	$	$
Net loss before income tax	(7,170,670)	(4,563,309)
At the New Zealand statutory income tax rate of 28% (2021: 28%)	(2,007,788)	(1,277,727)
Non-deductible expenditure	189,327	5,830
Unrecognised tax losses	1,548,439	1,055,987
Income tax expense/(credit)	**(270,022)**	**(215,910)**
Income tax credit comprised of		
Recognition of deferred tax balances from the NOS business acquisition	(270,022)	-
Research and Development cash out of tax losses	-	(215,910)

In previous years, the Company claimed Research and Development cash out of tax losses. This resulted in tax losses generated being paid to the Company as cash in exchange for forfeiting these losses. The cash received from these losses is required to be repaid to the Inland Revenue Department if certain events occur (including a liquidator being appointed, disposal of assets generated from research and development, the entity ceases to be an NZ resident company or more than 90% of the Company's shareholding has changed since the Company first claimed the cash out. The Company has considered these requirements and none of these events have occurred. The total amount of cash received to date is $1,314,389 (2022: $1,098,479). The Group has no receivable in relation to cash out of tax losses at 31 March 2023 (2022: $219,756).

Now that the Company is listed on the New Zealand Stock Exchange, it is no longer eligible to claim the Research and Development cash out of tax losses.

Deferred tax assets on deductible temporary differences have been recognised to the extent taxable temporary differences exist in the same tax jurisdiction. No deferred tax asset is recognised in excess of the available taxable temporary differences, due to the uncertainty of when the asset can be utilised.

The Group has unrecognised deferred tax assets (apart from tax losses) related to deductible temporary differences totalling $292,875 (2022: $293,596). The Company has New Zealand tax losses of $18,523,671, available for use against future taxable profits, subject to the New Zealand Tax Legislation requirements being met (2022: $12,975,260, being the $12,654,381 as reported in last year's financial statements with an additional $320,879 identified on completion of the Company's tax return for 2022).

The subsidiary incorporated in the United States has federal tax losses of USD $2,139,420 in 2023 and 2022 and Arizona State tax losses of USD $2,160,124 in 2023 and 2022, which are available indefinitely for use against future taxable profits. No deferred tax asset has been recognised for tax losses as the Group has assessed there is not a probability of utilising these losses in the near future due to the current loss position.

The following is a breakdown of the Group's deferred tax balances:

	2023				2022		
	Opening balance at 1 April	Charged to profit or loss	Recognised in goodwill as part of business combination	Deferred tax asset balance at 31 March	Opening balance at 1 April	Charged to profit or loss	Deferred tax asset balance at 31 March
	$	$	$	$	$	$	
Leases	-	-	-	-	3,056	(3,056)	-
Borrowings	(28,994)	1,993	-	(27,001)	(33,208)	4,214	(28,994)
Intangible assets	(93,305)	(101,437)	(270,022)	(464,764)	(131,491)	38,186	(93,305)
Share based payments	103,793	359,478	-	463,271	143,427	(39,634)	103,793
Employee entitlements	18,506	9,988	-	28,494	18,216	290	18,506
Tax losses	-	-	-	-	-	-	-
Total	**-**	**270,022**	**(270,022)**	**-**	**-**	**-**	**-**

12. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents includes deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

	2023	2022
	$	$
Cash and cash equivalents	1,759,268	900,588
Total cash and cash equivalents	**1,759,268**	**900,588**

13. TRADE AND OTHER RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Group applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They are grouped based on the days past due. Based on collection history and expectation of collection of current balances the Group has determined that any ECL provision would be trivial and therefore has not recorded a provision.

Short term-receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue (in default).

	2023	2022
	$	$
Trade receivables	135,369	16,263
GST receivable	54,161	20,888
Government grant receivable (RDTI)	109,225	180,244
Other receivables	2,844	3,652
Total trade and other receivables	**301,599**	**221,047**

14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditure is only capitalised if the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the underlying asset. These gains or losses are included in profit or loss. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

The only class of PPE is computer and office equipment, which is depreciated across a 2 year useful life.

	2023	2022
Cost	$	$
Balance at 1 April	72,226	70,827
Additions	12,344	11,705
Disposals	(4,056)	(10,309)
Translation difference	620	3
Balance at 31 March	81,134	72,226
Depreciation and impairment losses		
Balance at 1 April	47,219	37,543
Depreciation for the year	15,415	17,823
Disposals	(3,605)	(8,144)
Translation difference	508	(3)
Balance at 31 March	59,537	47,219
Carrying amount	21,597	25,007

The property, plant and equipment carrying value is reassessed at each balance sheet date for impairment. No indicators of impairment were identified at year end (2022: nil).

15. INTANGIBLE ASSETS (INCLUDING GOODWILL)

Accounting policy

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the directly attributable cost necessary to create, produce, and prepare the asset from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

These are included in the Capitalised Development Cost intangible asset class.

Customer contracts
The customer contracts were acquired as part of a business combination - see Note 16 for more details.

They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis based on the timing of projected cash flows of the contracts over their expected life.

Capitalised software development acquired
The Newoldstamp software was acquired as part of a business combination - see Note 16 for more details.

The fair value was determined by using the cost to rebuild approach, measuring the cost to developer time and other directly attributable costs necessary to rebuild the asset in its current state. These costs considered as part of the valuation are consistent with the Group's accounting policy on internally-generated intangible assets and is consistent with costs that would be incurred by a market participant. The value was then adjusted for the expected remaining useful life of the asset.

It is subsequently amortised on a straight-line basis based on the remaining useful life of the asset. This asset is included as part of Capitalised Development Cost.

Goodwill
Goodwill arising from business combinations is measured as the excess of the sum of the consideration transferred over the net identifiable assets acquired and liabilities assumed - see Note 16 for more detail.

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. For impairment testing, refer to Note 18. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Amortisation of intangible assets with finite useful lives
The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Website	5 years
Capitalised development costs	10 years
Customer contracts	2.5 years

Critical accounting estimates
The estimated useful life of its capitalised development costs and customer contracts are critical accounting estimates.

Capitalised development costs
This includes capitalised development work in relation to the Black Pearl Mail software (the 'BPM software') and the Newoldstamp software (the 'NOS software'). The useful life of the BPM software is 10 years and the remaining useful life of the NOS software is 5 years. Management considered industry practice, the nature of the asset and previous experience in determining the useful life. The useful life of 10 years for the BPM software is higher than the industry average (6 years), due to the more stable environment the Group operates in, resulting in less frequent obsolescence of intangible assets than the industry norm.

Customer contracts

The useful life of the contracts were estimated based on the expected life of the contracts the Group acquired as part of the business combination. The Group's estimated useful life of 2.5 years (30 months) was determined through analysis of the underlying customer data for the NOS software customers for the past three years, reviewing specific metrics such as churn rates and average lifetime values.

	Goodwill	Customer contracts	Website	Capitalised Dev Costs	Total
Cost	$	$	$	$	$
Balance at 1 April 2022	-	-	36,030	1,292,784	1,328,814
Acquired through business combination	2,872,493	1,133,958	-	377,677	4,384,128
Additions	-	-	110,054	74,589	184,643
Balance at 31 March 2023	**2,872,493**	**1,133,958**	**146,084**	**1,745,050**	**5,897,585**
Amortisation and impairment losses					
Balance at 1 April 2022	-	-	21,617	973,966	995,583
Amortisation for the year	-	188,993	18,293	162,351	369,637
Balance at 31 March 2023	-	188,993	39,910	1,136,317	1,365,220
Carrying amount at 31 March 2023	**2,872,493**	**944,965**	**106,174**	**608,733**	**4,532,365**

	Goodwill	Customer contracts	Website	Capitalised Dev Costs	Total
Cost	$	$	$	$	$
Balance at 1 April 2021	-	-	36,030	1,292,784	1,328,814
Additions	-	-	-	-	-
Balance at 31 March 2022	**-**	**-**	**36,030**	**1,292,784**	**1,328,814**
Amortisation and impairment losses					
Balance at 1 April 2021	-	-	14,412	844,793	859,205
Amortisation for the year	-	-	7,205	129,173	136,378
Balance at 31 March 2022	-	-	21,617	973,966	995,583
Carrying amount at 31 March 2022	**-**	**-**	**14,413**	**318,818**	**333,231**

The intangible asset carrying value is reassessed as at each balance sheet date for impairment. The Group completed impairment testing for its cash-generating units, specifically goodwill but included the intangible assets attributable to each cash-generating unit - for more detail, refer to Note 18. No impairment is identified at year end (2022: nil).

16. ACQUISITION OF NEWOLDSTAMP

Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group
- Fair value of any asset or liability resulting from a contingent consideration arrangement
- Fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest ('NCI') in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred. The excess of the:

- consideration transferred,
- amount of any NCI in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Background

In October 2022, the Group entered a sale and purchase agreement with the owners of NewOldStamp Incorporated (the 'sellers'), a US company with operations in Ukraine, acquiring the Newoldstamp ('NOS') product and business. The business was acquired on 1 November 2022. The Group did not acquire NewOldStamp Incorporated's share capital, but purchased specific assets (and assumed certain liabilities) from the entity. The primary reason for the acquisition was to acquire its revenue and organic traffic, and to help scale the Group's operations.

Purchase price

The following is a breakdown of the fair value of the purchase price for the acquisition:

	2023
	$
Cash paid on completion	783,608
Ordinary shares issued on completion to the sellers	999,729
Contingent consideration - fixed shares deliverable to the sellers	1,118,094
Contingent consideration - variable shares deliverable to the sellers	1,043,084
Total purchase price consideration	**3,944,515**

Ordinary shares issued on completion

549 shares were issued at $1,821 each on completion of the acquisition. These amounts are before the share split, which is equivalent to 799,783 shares at $1.25 each after the share split.

Contingent consideration

The purchase price includes the issue of shares to the sellers, contingent on the continued performance of the business. Issue of the shares are subject to conditions being met at 12 months and 24 months from the acquisition date. The following are the primary conditions:

- The domain names have generated at least 850,000 organic website visits for the first 12 months
- The domain names have generated at least 850,000 organic website visits for the following 12 months

These conditions must be met, for the Company to issue shares to the sellers. At the time of the acquisition, the Company assessed a 100% probability that these conditions would be met.

The shares deliverable to the sellers, contingent on the conditions above, includes a fixed amount of shares based on the share price at the time of the acquisition (the 'fixed shares'), as well as a variable number of shares based on the current share price but at fixed values i.e. the total value is fixed but the number of shares will vary depending on the share price at the time the Company must issue those shares (the 'variable shares').

Fixed shares

The following are is a summary of the quantity of the shares and their price owed to the sellers, both before and after the share split:

	Post-share split		Pre-share split	
	Share no.	**Share price**	**Share no.**	**Share price**
12 months from acquisition date	479,287	$1.25 each	329	$1,821 each
24 months from acquisition date	415,188	$1.25 each	285	$1,821 each
Total value of fixed shares		**$ 1,118,094**		

Variable shares

The following is a breakdown of the total value of shares owed to the sellers. The amount recognised on acquisition is the discounted value and the table below includes the face value and discounted values of those shares on acquisition date:

	Discounted value	Face value
	$	$
12 months from acquisition date	571,429	594,000
24 months from acquisition date	471,655	521,400
Total value of variable shares	**1,043,084**	**1,115,400**

Critical accounting judgements - classification of contingent consideration

The Group considers it appropriate to measure the variable and fixed shares as separate units of account, due to each consideration type having different economic risk characteristics and providing a different benefits to the vendor. From the Group's perspective the variable shares are impacted by the share price on the future date of issue, which will impact the number of shares that will need to be issued to satisfy this liability.

In contrast, the fixed shares are not impacted by the share price on issue and the amount to be issued is not changed by the share price. If instead the Group viewed the fixed and variable shares as a single unit of account, that single instrument would be treated as a liability and measured at fair value through profit or loss. The Group considers that treating the fixed and variable shares as separate units of account better represent the transaction and the different risks and characteristics of these two types of consideration.

Critical accounting estimates - fair value of contingent consideration

Fixed shares

The Company's shares were not publicly traded at the time they were issued. The Company determined the fair value of share rights by reference to the value of shares issued in the closest equity round to the measurement date. The Group considers this to be an estimated market price. In this case, the closest equity round was the capital raise before the Company initially listed on the NZX. This price is also the NZX listing price at the end of November 2022. The Group considers the estimated market price to be consistent with the price a knowledgeable, willing market participant would pay. The Group considers this to be a level 3 fair value input.

Variable shares

The variable shares are classified as financial liabilities by the Group. Its fair value at the date of the acquisition is the present value of the specified fixed values, discounted at a rate of 5%. The discount rate is a level 3 fair value input, estimated using a risk free discount rate as a base with an estimated equity premium. The undiscounted value of the total variable shares entitlement is $1.680 million. For subsequent measurement, refer to Note 17 below.

Post-combination remuneration expenses

As part of the sale and purchase agreement with the owners of NewOldStamp Incorporated, they were provided with share-based payments to continue to work within the business. The share-based payments are linked to continued service for the business.

These are treated as post-combinaton remuneration as an employee share-based payment - refer to Note 25.

Assets and liabilities acquired assets and liabilities acquired

The Group acquired and recognised other separately identifiable intangible assets i.e. customer contracts and software (capitalised development costs), deferred revenue and goodwill:

	2023
	$
Capitalised software development	377,677
Customer contracts	1,133,958
Contract liabilities	(169,592)
Deferred tax liability	(317,508)
Deferred tax asset	47,486
Goodwill	2,872,493

Goodwill recognised is the difference between the fair value of the purchase price and the net amount of the assets acquired and liability assumed. The recognised goodwill represents the organic traffic that will be used by the group for future growth. Goodwill is non deductible for tax purposes.

Critical accounting estimates - fair value of assets and liabilities

The following estimates all involve level 3 fair value inputs.

Capitalised software development

The fair value was determined by using the cost to rebuild approach, measuring the cost to developer time and other directly attributable costs necessary to rebuild the asset in its current state. These costs considered as part of the valuation are consistent with the Group's accounting policy on internally-generated intangible assets and is consistent with costs that would be incurred by a market participant. The value was then adjusted for the expected remaining useful life of the asset.

Customer contracts

The fair value was determined using the present value of the expected revenues from the acquired customer contracts, net of the costs necessary to service those subscriptions. Certain assumptions have been made about the expected life of the existing contracts (30 months), through analysis of the underlying customer data for Newoldstamp customers for the past three years, reviewing specific metrics such as churn rates and average lifetime values. The cashflows were discounted using the Group's estimated weighted average cost of capital ('WACC') and the following is a sensitivity analysis:

Net present value of customer contracts at 13% WACC	$1,133,958
Effect of +300 BPS on WACC	$(23,381)
Effect of -300 BPS on WACC	$25,073

Contract liabilities

The deferred revenue balance has been adjusted to reflect the cost of providing the services, as opposed to the contractual values of revenue deferred. The cost build-up approach was taken, where the amount represents a market participant would expect to incur to service the contracts, plus an estimated margin.

Revenue and net loss in relation to the Newoldstamp acquisition

The total amount of revenue earned from Newoldstamp since it was acquired was $199,591 and with a total loss of $775,955 before tax, for the year ended 31 March 2023.

If Newoldstamp was acquired at the beginning of the period, the Group's total revenue would increase by $635,435 taking total revenue to $2,066,181. The Group's total loss before tax would increase by $253,110, taking total loss before tax to $7,423,780.

17. CONTINGENT CONSIDERATION LIABILITY

Accounting policy

Contingent consideration classified as a liability, resulting from business combinations, is valued at fair value at the acquisition date of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on present value of the liability, including any assumptions about meeting each performance target attached to the contingent consideration.

	2023	2022
	$	$
Variable share issue from the Newoldstamp acquistion - refer to Note 16	1,043,084	-
Fair value remeasurement	15,776	-
Total contingent consideration	**1,058,860**	**-**
Current contingent consideration	576,941	-
Non-current contingent consideration	481,919	-
Total contingent consideration	**1,058,860**	**-**

Details about the variable share issue from the Newoldstamp acquisition has been disclosed in Note 16.

At the reporting date, the Group assesses that all performance criteria attached to the variable shares from the NOS acquisition will be met. Therefore the only adjustment made since the acquisition date was the remeasurement of the liability to its present value at reporting date. A discount rate of 5% was used, which is a risk-free discounted rate adjusted for an equity share volatility premium.

The following is a sensitivity analysis of the carrying value, based on movements in the discount rate used:

	2023	2022
	$	$
Net present value using a 5% discount rate	1,043,084	-
Effect of +300 BPS on the discount rate	(15,269)	-
Effect of -300 BPS on the discount rate	48,932	-

18. IMPAIRMENT OF CASH GENERATING UNITS

Accounting policies

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal ('FVLCOD') and value in use ('VIU').

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets i.e. cash generating units (CGUs). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of impairment at the end of each reporting period.

Identification of CGUs

The carrying amount of the Group's assets were reviewed to determine whether there is any indication of impairment and if so, tested or tested regardless in the case of indefinite life intangible assets. The Group identified two cash generating units, based on its product offerings:

- Black Pearl Mail - the Group's original product offering, offering email customisation subscriptions to customers and the ability to gather data about how customers interact with those emails. The recently launched Pearl Diver is an extention of the core Black Pearl Mail platform by using its core functionality, to gather data about interactions with a customer's website.
- Newoldstamp - the recently acquired business which also offers email customisation subscriptions to customers.

Allocation of goodwill

Goodwill is allocated between Black Pearl Mail and Newoldstamp for the purpose of impairment testing. 90% ($2,585,244) is allocated to Black Pearl Mail and 10% ($287,249) to Newoldstamp reflecting the future growth expected from the organic traffic.

Key assumptions used in the impairment testing

The Group have tested impairment by measuring each CGU's value in use ('VIU'). The calculations are based on cash flow projections covering a five-year period and operating expenses reflecting the financial budgets approved by management and the Board.

Black Pearl Mail CGU has a carrying value of $5.1 million. As part of estimating its VIU, different revenue growth rates were used but the estimation is most senstive to the growth rates used in the first two years. For example, if the revenue growth rate for the first year was 55% of what was used in the VIU calculation, then the Group would need to consider whether there is impairment. To determine the terminal value, a 5.6% long-term growth rate was applied. A pre tax discount rate of 12.9% was used to establish the recoverable amount under the VIU model. The Group have determined that no impairment is required to the the Black Pearl Mail CGU.

Newoldstamp GCU was determined to have a carrying value of $1.4 million using an average revenue growth rate of 7.3%. To determine the terminal value a 5.6% growth rate was applied. A pre tax discount rate of 12.9% was used to establish the recoverable amount under the VIU model. The Group have determined that no impairment is required to the the Newoldstamp CGU.

Management has determined the values of its key assumptions in its VIU calculations for both Black Pearl Mail CGU and Newoldstamp CGU as follows:

- Revenue growth rate - based on the number of sales leads, the conversion of those leads to billable customers, and marketing expenditure.
- Long-term growth rate - using published international technology industry growth rates, particular those in the United States.
- Pre-tax discount rate - relfecting the specific circumstances and risks of the Group, and benchmarked against NZX listed technology companies.

Result of impairment testing

Following the assessment of the recoverable amount of goodwill allocated to both Black Pearl Mail and Newoldstamp, the directors consider the recoverable amounts of goodwill to be the most sensitive to the achievements of the budget. Budgets comprise of forecast subscription revenue, marketing, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board.

Impact of possible changes in key assumptions

The Group has conducted an analysis of the sensitivity of impairment test to changes in the key assumptions used to determine the recoverable amount for each of the Group's CGUs to which goodwill is allocated. The directors believe that any reasonably possible changes in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

19. TRADE AND OTHER PAYABLES

Accounting policy

The carrying value of trade and other payables are classified as financial liabilities and measured at amortised cost, which approximates their fair value.

	2023	2022
	$	$
Trade payables	219,052	64,954
Accrued expenses	291,956	177,929
Total trade and other payables	**511,008**	**242,883**

Trade payables are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

20. EMPLOYEE ENTITLEMENTS

Accounting policy

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned to, but not taken at balance date.

	2023	2022
	$	$
Accrued wages and salaries	93,549	66,092
Annual leave entitlements	101,764	85,844
Total employee entitlements	**195,313**	**151,936**

21. LOANS AND BORROWINGS

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return.

	2023	2022
Current portion	$	$
Credit card balances	24,651	21,467
Below market-term loans from the government (current)	39,621	6,421
Shareholder loan	1,227,518	-
Total current portion	**1,291,790**	**27,888**
Non-current portion		
Below market-term loans from the government (non-current)	328,998	339,974
Shareholder loan	764,909	-
Total non-current portion	**1,093,907**	**339,974**
Total loans and borrowings	**2,385,697**	**367,862**

Below market term loans from government

For below market term loans received from government, the difference between the face value and the present value of the expected future cash flows of the loan is recognised in profit or loss as a government grant. Below market-term loans from the government are subsequently measured at amortised cost using the effective interest rate method.

The Group has two below-market term loans from government: The loan from Callaghan Innovation for research and development ('Research and development loan') and the small business cash flow loan from the Inland Revenue Department ('Small business cash flow loan'):

Research and development loan

The principal amount of the loan is $400,000 and bears non-compounding interest at 3% per annum. The total term of the loan is 10 years and regular monthly payments must be made after the third anniversary of the loan and must be fully repaid by the end of the term. The loan terms have not changed since inception. The loan matures in September 2030.

Small Business Cashflow Scheme loan

The principal amount of the loan is $29,800 and bears non-compounding interest at 3% per annum. The total term of the loan is 5 years and regular payments must be made after the second anniversary of the loan and must be fully repaid by the end of the term. The loan terms have not changed since inception. The loan matures in August 2025.

The principal amount, unamortised debt discount and net carrying amount of the government loans are as follows:

Critical accounting estimates

At 31 March	2023	2022
	$	$
Principal amount	424,833	429,800
Interest payable accrued	32,543	20,146
Unamortised fair value write-down	(88,757)	(103,551)
Total carrying value of below market-term loans from the government	**368,619**	**346,395**

The fair value of the below market-term loans from the government on initial recognition was determined using the discounted cash flow method. A level 3 fair value input was used, being the estimated market discount rate of 8.44% and the following is a sensitivity analysis against the carrying value of the loans:

	2023	2022
	$	$
Carrying value of below market-term loans from the government using the 8.44% discount rate	368,619	346,395
Carrying value of below market-term loans from the government using a 7% discount rate	388,063	369,502
Difference to carrying amount	**19,444**	**23,107**
Carrying value of below market-term loans from the government using a 10% discount rate	348,569	323,302
Difference to carrying amount	**(20,050)**	**(23,093)**

Below-market term loans from the Group's shareholder

The Group received a below market-term loan from its shareholder, Crown BP Holdings LLC. The difference between the face value and the present value of the expected future cashflows of the loan on initial recogniition was taken through equity, representing the warrants issued by the Group in exchange for the below market-terms of the loan - see Note 26 for more detail.

The loan is subsequently measured at amortised cost using the effective interest rate method. The principal amount of the loan is $2,400,000 and bears interest at 1% per annum. Interest is payable quarterly, with 50% of the principal due after 13 months from the date of signing, with the rest due when the loan matures. The loan matures in January 2025.

The principal amount, unamortised debt discount and net carrying amount of the loan are as follows:

At 31 March	2023	2022
	$	$
Principal amount	2,400,000	-
Interest payable accrued	8,417	-
Unamortised fair value write-down	(415,990)	-
Total carrying value shareholder loans	**1,992,427**	**-**

Critical accounting estimates

The fair value of the below market-term loans from the shareholder on initial recognition was determined using the discounted cash flow method. A level 3 fair value input was used, being the estimated market discount rate of 16% and the following is a sensitivity analysis against the carrying value of the loans:

	2023	2022
	$	$
Carrying value of below market-term loans from the shareholder using the 16% discount rate	1,992,427	-
Carrying value of below market-term loans from the shareholder using a 14% discount rate	2,042,698	-
Difference to carrying amount	**50,271**	**-**
Carrying value of below market-term loans from the shareholder using a 18% discount rate	1,943,608	-
Difference to carrying amount	**(48,819)**	**-**

22. FINANCIAL INSTRUMENTS

The Group's policy is that no speculative trading in financial instruments may be undertaken.

Classification and fair values

Financial instruments are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of the Group's financial instruments into these categories is included in the table below.

Financial instrument	Classification
Cash and cash equivalents	Amortised cost
Trade and other receivables	Amortised cost
Trade and other payables	Amortised cost
Contingent consideration liability	Fair value through profit or loss
Loans and borrowings	Amortised cost

The carrying value of the Group's financial instruments carried at amortised cost do not materially differ from their fair value. There were no transfers between classes of financial instruments during the year (2022: no transfers).

Capital Management

The capital structure of the Group primarily consists of equity raised by the issue of shares in Black Pearl Group. The Group considers its capital to comprise its fully paid up, ordinary share capital and accumulated losses.

The Group manages its capital to ensure it maintains an appropriate capital structure to support the business and continue as a going concern. The Group's capital structure is adjusted based on business needs and economic conditions. The Group is not subject to any externally imposed capital requirements.

When managing capital, management's objective is to achieve optimal long term capital returns to shareholders and benefits for other stakeholders. There have been no material changes in the Group's management of capital from the previous year.

This note should be read in conjunction with Note 28 - Going Concern which outlines details of the Group's going concern assumption and the financial year 2024 plan that Directors believe will enable the Group to continue operations.

Foreign currency risk

Nature of risk

Foreign currency risk is the risk that changes to foreign exchange rates negatively impact the Group's New Zealand dollar (NZD) net cash flows.

Exposure and risk management

A large portion of the Group's subscription revenue is priced using the United States Dollar (USD). This is different to the Group's presentation currency of NZD. The Group is exposed to other foreign currencies, but the exchange rate fluctuations between USD and NZD are the Group's primary source of foreign currency exposure. The Group maintains a USD bank account for its US operations, providing a natural hedge for its US branch operational costs. However, all other operations (i.e. Black Pearl Mail and NewOldStamp) use NZD bank accounts which generates foreign currency fluctuations from subscription payments throughout the year.

The Group does not hedge this exposure e.g. foreign exchange swaps.

The following balances are subject to foreign currency exchange fluctuations:

- Trade receivables, being the amounts receivable for subscriptions; and
- Cash and cash equivalents being cash amounts held in USD in its foreign operations.

At 31 March, had the local currency strengthened/weakened against the USD by 10% the pre-tax loss (in NZD) would have been (higher)/lower as follows:

	2023			2022		
At 31 March	Balance	+10%	-10%	Balance	+10%	-10%
	(USD)	(NZD)	(NZD)	(USD)	(NZD)	(NZD)
Cash and cash equivalents	565,596	(81,945)	100,146	56,773	(7,400)	8,139
Trade and other receivables	64,176	(9,453)	11,209	12,529	(1,633)	1,796
Increase/(decrease) in pre-tax loss		**(91,398)**	**111,354**		**(9,033)**	**9,935**

Interest rate risk

Nature of risk

Interest rate risk is the risk that changes in interest rates negatively impact the Group's financial performance or the value of its financial instruments.

Exposure and risk management

The Group's interest rate risk arises from its cash and cash equivalents balances. The Group currently has no significant exposure to interest rate risk other than in relation to the amount held at bank. A reasonably expected movement in the prevailing interest rate would not materially affect the Group's consolidated financial statements.

The Group's credit card balances are settled on a monthly basis. All borrowings are either interest free or are at fixed interest rates.

Liquidity risk

Nature of risk

Liquidity is the risk that the Group cannot pay contractual liabilities as they fall due.

Exposure and risk management

Liquidity risk arises mainly from business activities.

The Group manages liquidity risk by ensuring cash flow is planned ahead of time, and funding is planned and organised when required, to ensure the Group will be able to meet its financial obligations.

At 31 March 2023, the Group held cash and cash equivalents of $1,759,268 (2022: $900,588) to be used for the Group's day-to-day activities and for investments into strategic programmes. The Group has total credit card facilities of $30,000 (2022: $30,000) to support its operations. The Group relies on its capital raised through the issue of shares.

The Group's exposure to liquidity risk based on undiscounted cash flows relating to financial liabilities is set out below:

At 31 March 2023	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	No stated maturity	Total contractual cash flows	Carrying amount
	$	$	$	$	$	$	$
Trade and other payables	511,008	-	-	-	-	511,008	511,008
Loans and borrowings	1,267,139	1,292,564	215,595	169,485	-	2,994,784	2,385,698
Contractual cash flows	**1,778,147**	**1,292,564**	**215,595**	**169,485**	**-**	**3,455,792**	**2,896,706**

At 31 March 2022	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	No stated maturity	Total contractual cash flows	Carrying amount
	$	$	$	$	$	$	$
Trade and other payables	242,883	-	-	-	-	242,883	242,883
Loans and borrowings	25,574	39,080	221,125	251,465	-	537,244	367,862
Contractual cash flows	**268,457**	**39,080**	**221,125**	**251,465**	**-**	**780,127**	**610,745**

Credit risk

Nature of risk

Credit risk arises in the normal course of the Group's business on financial assets if a counter party fails to meet its contractual obligations.

Exposure and risk management

Financial instruments that potentially subject the Group to credit risk principally consistent of cash and cash equivalents and its trade and other receivables. The Group manages this risk by placing most of its cash and cash equivalents with high-quality financial institutions. The credit risk associated with trade receivables is small due to inherently lower transaction values and the distribution over a large number of customers.

Group financial assets subject to credit risk at balance date are as follows:

At 31 March	2023	2022
	$	$
Cash and cash equivalents	1,759,268	900,588
Trade and other receivables	138,213	19,915
Total financial assets subject to credit risk	**1,897,481**	**920,503**

Most of the Group's cash and cash equivalents comprises of $857,915 cash held with the Bank of New Zealand ('BNZ') with a credit rating of A+ from Fitch (2022: BNZ, $819,193, A+) and BMO Harris Bank ('BMO') of $898,580 with a credit rating of AA- from Fitch (2022: BMO, $77,317, AA-). The remaining $2,772 is an on-call balance with PayPal (2022: PayPal, $1,442).

The Group's trade and other receivables balance includes $111,511 receivable from Paddle, there is no other significant concentration of trade recievables to a single counterparty. Paddle is a payment infrastructure provider which collects payments for the subscriptions from customers during the month, and passes these onto the Group at the end of each month. All amounts are paid to the Group are in USD.

23. SHARE CAPITAL

	2023	2022
	$	$
On issue at beginning of the year	22,012,727	20,597,057
Issue of ordinary shares	6,082,758	1,415,670
Equity transaction costs - see Note 9A	(382,811)	-
Distribution to owners for pre-dividend loan	223,954	-
Exercise of employee share options - see Note 25	608,545	-
Total share capital ($)	**28,545,173**	**22,012,727**
Share capital consists of the following classes:		
Ordinary share capital	28,545,173	21,726,331
Capital contribution	-	286,396
Total share capital ($)	**28,545,173**	**22,012,727**
Fully paid total shares at the beginning of the year	20,295	19,516
Issue of ordinary shares pre-share split	3,243	779
Issue of ordinary shares as part of share split	34,266,617	-
Issue of ordinary shares post-share split	320,943	-
Exercise of employee share options - see Note 25	752,361	-
Total share capital (#)	**35,363,459**	**20,295**
Total value per share	**$ 0.81**	**$1,085**

	2023	2022
Share capital consists of the following classes:		
Ordinary share capital	35,363,459	19,818
Capital contribution	-	477
Total share capital (#)	**35,363,459**	**20,295**

Capital contribution - distribution to owners for pre-dividend loan

As part of a capital raise in 2013, the Company issued shares which included a repayment feature, with no maturity/expiration date, of the capital provided ('pre-dividend shares'). Repayment of that capital had precedence over any dividends. In November 2022, the Company entered agreements with shareholders who had pre-dividend shares to forfeit the repayment feature in exchange for ordinary shares in the Company. The only exception was Teamwork Group Ltd, who agreed to extinguish their rights to the repayment with nil shares.

The total shares issued by the Company was 179,163 at $1.25 each. This has been treated as a distribution to owners, and has been recorded against accumulated losses.

Share split

In preparation for the Company listing on the New Zealand Stock Exchange, all issued shares (and share options) were subject to a share split, converting one share into 1,457 shares.

24. BASIC AND DILUTED EARNINGS PER SHARE

Total comprehensive income/(loss) for the year

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.
Basic EPS is calculated by dividing the net loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted EPS is determined by adjusting the net loss attributable to ordinary shareholders and the weighted average number of the ordinary shares on issue for the effects of all potential dilution to ordinary shares and options. Instruments are only treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	2023	2022 Restated
	$	$
Total loss attributable to owners	(6,900,648)	(4,347,399)
Weighted average number of ordinary shares for basic EPS	33,127,126	28,742,664
Dilution from share based compensation options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	33,127,126	28,742,664
Basic loss per share	**(0.21)**	**(0.15)**
Diluted loss per share	**(0.21)**	**(0.15)**

The number of shares presented is after the share split in November 2022, see Note 23 and the comparative figures have been restated to reflect the amounts after the share split.

25. SHARE BASED PAYMENT RESERVE

Accounting policy

The Group operates equity-settled share based compensation, with a mix of ordinary shares and share options which can be exercised for ordinary shares. The Group has share based compensation arrangements both with and without vesting conditions. Vesting conditions (if any) attached to any share based payment arrangement are only service conditions and/or non-market performance conditions. For share based payments with vesting conditions, the fair value of the shares (or share rights) are determined at the grant date and they are vested in tranches over the specified period in the contract. Each tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period.

At the end of each reporting period, the Group revises its estimates of the number of rights expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, through profit or loss with a corresponding adjustment to equity. Otherwise, once the vesting conditions are met, the amounts recognised in the reserve remain indefinitely until those rights are exercised or forfeited. The Group's other share based compensation arrangements do not have vesting conditions. Shares are issued and the fair value of those shares is measured and expensed on the grant date.

Information about share based compensation arrangements

The Company effectively has four types of share based compensation arrangements:

- *One-off share based compensation without vesting conditions*
  Share issues which are used as a bonus to compensate employees for past services. These do not have vesting conditions and are immediately recorded as share capital once issued.
- *Employee contractual share based compensation with vesting periods*
  Contractual arrangements entered into with key employees to provide share rights with vesting periods for a defined service period. All vested employee rights have a nil exercise price.
  Rights outstanding at 31 March 2023 have no expiration date. Rights can be exercised at any time after vesting. The Group has no legal or constructive obligation to repurchase or settle the rights in cash. Any share to be issued on the exercise of the right will be issued on the same terms which rank equally in all respects with the ordinary shares in the Company on issue.
- *Equity-based contingent consideration in the acquisition purchase price*
  The purchase price for the Newoldstamp business acquistion includes the issue of shares, contingent criteria and a service period outlined in the agreement - for more detail refer to Note 16. The Group considers the 'fixed shares' to be an equity transaction.
  These amounts will be transferred to share capital, once the vesting conditions are met and the shares are issued.
- *Other contractual share based compensation with vesting periods and non-market performance conditions*
  Contractual arrangements entered, in lieu of cash payment, to provide shares with vesting periods for a defined period. These are not share rights or options. Once the vesting period and conditions have been met, the Company will issue shares which rank equally in respect with the ordinary shares in the Company on issue. These include contractual arrangements to provide key contractors with shares subject to defined vesting periods and non-market performance conditions. These were issued as part of the acquisition of Newoldstamp.

The following table summarises movements in the reserve related to progress towards vesting of share rights:

	2023	2022
	$	$
Opening balance	1,419,248	1,251,421
Share rights exercised during the year - transfer to share capital	(608,545)	-
Share rights forfeited during the year - transfer to accumulated losses	-	-
Equity-based purchase price contingent consideration	1,118,094	-
Employee contractual share-based compensation - progress toward share rights*	197,899	167,827
Other contractual share based compensation - progress toward shares*	561,157	-
Closing balance	**2,687,853**	**1,419,248**

*these amounts were recognised through profit or loss as Personnel Expenses - see Note 8

The following table illustrates the number of, and movements in, total share rights and the total shares issued during the year subject to the vesting conditions:

	Share rights		Ordinary shares	
	2023	2022 Restated	2023	2022
	$	$	$	$
Opening balance	2,167,718	1,905,494	-	-
Granted during the period	-	269,508	1,883,156	-
Exercised during the period	(752,361)	-	-	-
Forfeited during the period	-	(7,284)	-	-
Closing balance	**1,415,357**	**2,167,718**	**1,883,156**	**-**

The number of shares presented is after the share split in November 2022, see Note 23 and the comparative figures have been restated to reflect the amounts after the share split.

One-off share-based compensation without vesting periods

In the year ended 31 March 2023 the Company issued 73,335 shares in lieu of $91,699 payment to a consultancy firm for past services directly attributable to the issue of shares in November 2022. These shares had no vesting conditions, and the transaction was taken directly to share capital (2022: 34 shares, $80,974 expense recognised in profit or loss).

Employee contractual share-based compensation with vesting periods

The total amount of share rights which have not vested are 152,964 and associated deferred expense is $91,715. The remaining weighted average of the vesting period for these share rights is 1.39 years (2022: 205,820 shares after share split, $352,170 of deferred expense, weighted average vesting period 1.33 years). Share rights are issued with nil a exercise price.

The grant date fair value of the share rights granted during the year was between $1,485 to $1,821 before the share split. The equivalent range after the share split is $1.02 to $1.25 (2022: $1,485 to $1,821 before the share split, $1.02 to $1.25 after the share split). Further details of the fair value determination are below.

Equity-based contingent consideration in the acquisition purchase price

The purchase price for the Newoldstamp business acquistion includes the issue of shares, contingent on criteria outlined in the sale and purchase agreement - for more detail refer to Note 16. The Group considers the 'fixed shares' to be an equity transaction and a total of $1.118 million, for 614 shares at $1,821 each (post share split: 894,475 at $1.25 each).

At 31 March 2023, the Company expects all conditions for the issue to be met but in the event these rights are forfeited, or where the vesting conditions are not met, the amounts recognised in the reserve will be transferred to accumulated losses.

Other contractual share-based compensation with vesting periods

Key personnel from the company that previously owned the Newoldstamp business are contractors for the Group. The sale and purchase agreement included share based compensation as an incentive for them to continue to provide their services to the Company. They also have individual service agreements with the Group which also include share based compensation. The Company will issue shares after the agreed vesting period and conditions are met. The total amount of shares which have not vested are 987,710 and associated deferred expense is $1.233 million. The remaining weighted average of the vesting period is 1.31 years.

Critical accounting estimate - fair value at grant date

The Company's shares were not publicly traded at the time they were issued. The Company determined the fair value of share rights by reference to the value of shares issued in the closest equity round to the measurement date (the grant date). The Group considers this to be an estimated market price. The share rights have a nil exercise price and no expiration date. As such, the Group has determined the estimated share price is the appropriate fair value for the share rights issued. The holders of share rights are not entitled to dividends or voting rights until their rights are exercised. As the Company is not expected to pay dividends in the short or medium term, no adjustment to the fair value of the share price is made based on these terms and conditions. The Group considers the estimated market price to be consistent with the price a knowledgeable, willing market participant would pay.

26. SHAREHOLDER WARRANTS RESERVE

Information about warrants on current issue

In November 2022, the Company entered an agreement with Crown BP Holdings LLC (the 'shareholder') to receive a loan of $2.4 million and at the same time for the Company to issue warrants to the Shareholder. The arrangement was entered to enable the Company to meet the cash holdings requirements for its direct listing on the NZX. The Shareholder agreed to loan $2.4 million to the Company to meet its cash requirements, and the Company issued 2.5 million warrants (with an exercise price of one cent) in exchange for the Shareholder providing the loan on favourable terms. These warrants can be exercised any time after 23 May 2023, until 24 May 2027 (5 years after).

The share warrants, and the shareholder loan, were issued simultaneously and are contractually linked. For more detail on the shareholder loans - see Note 21.

Accounting policy

Share warrants issued by the Company, classified as equity instruments, are taken directly to the share warrants reserve. Once the share warrants are exercised, the amount recognised in the reserve is transferred to share capital on issue of shares. If the share warrants are forfeited, or they expire, the amounts recognised in the reserve will be transferred to accumulated losses.

Significant judgement

The Group has classified the share warrants as an equity instrument, on the basis that a fixed amount of cash is delivered in exchange for a fixed amount of shares. The warrants are settled using the Company's own equity instruments (ordinary shares) in exchange for a fixed price i.e. the exercise price. There is no obligation for the Company to purchase its own equity for cash. The number of shares the Company has to deliver is fixed i.e. one share per warrant.

The Group has applied the residual value method (see more detail below) on the basis that this arrangement is similar to a compound financial instrument. The shareholder entered into these contracts simultaneously under commercial terms, on the basis they would receive interest plus the warrants, to be a market return on their $2.4 million investment. The loan was the primary reason for the arrangement, with the issue of the warrants being secondary. The loan is considered the most reliably measurable item, as market data can be used to estimate a fair value, providing the best information on the liability incurred, with the residual amount being equity.

Significant estimate

The Group estimated the value of the share warrants by applying the residual value method. The Company provided the share warrants in exchange for the below-market terms for the loan. The value of the warrants is the difference between the face value and fair value of the loan:

	$
Face value of the shareholder loan - see Note 21	2,400,000
less the fair value of the shareholder loan - see Note 21	(1,884,489)
Residual value allocated to share warrants	**515,511**

27. RELATED PARTY TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities subscribe to services provided by the Group. None of these related party transactions are significant to either party.

The following are the related party transactions for the year:

	2023	2022
	$	$
NJL Limited		
Contracting services provided	180,378	270 880
Crown BP Holdings LLC		
Face value of the below-market loan provided to the Company - see Note 21	2,400,000	-
Warrants issued for nil consideration - see Note 26	-	-
Insight Enterprises (NZ) Limited		
Hosting services provided	56	90
The Better Wine Company Limited		
Goods provided for the Company's listing event	4,080	-
Mallory Allen		
Design services provided	4,185	-
Sharon Daish Graphic Design		
Design services provided	638	-
NewOldStamp Incorporated		
Contracting services provided	511,266	-

Outstanding balances at year-end is the loan from Crown BP Holdings LLC - refer to note 21 (2022: nil).
Nicholas Lisette is a director and shareholder of NJL Limited, The Better Wine Company and Black Pearl Group Limited.
Timothy Crown is a director of Black Pearl Group Limited and Insight Enterprise Inc (US), a related party of Insight Enterprises (NZ) Limited. He is also the director and major shareholder of Crown BP Holdings LLC.
Mallory Allen and Sharon Daish are spouses of Key Management Personnel.
Volodymyr Zastavnyy is a major shareholder of NewOldStamp Incorporated

Compensation of key management personnel of the Group	2023	2022
	$	$
Salaries and wages	1,230,729	785,337
Share-based payment transactions	591,650	124,872
Termination benefits	-	-
Health insurance and other benefits	-	16,853
Total compensation provided to key management personnel	**1,822,379**	**927,062**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

The Group have also identified Volodymyr Zastavnyy as key management personnel of the Group. Separate to his compensation included in the figures above he has received, and is owed, the following amounts in his capacity as the previous owner of the acquired Newoldstamp business.

- Cash consideration paid $689,404
- Value of shares already issued on grant date $879,543
- Equity classified contingent consideration $982,273
- Liability classified contingent consideration $930,235

No amounts arising from transactions with related parties have been written off or forgone during the year (2022: nil).

28. GOING CONCERN

The Group prepares its financial statements on a going concern basis, which assumes the Group has the ability and intention to continue operations for a period of at least 12 months from the date the consolidated financial statements are approved.

In the year ended 31 March 2023, the Group had operating cash outflows of $5,207,793 (2022: $3,795,492) and the cash balance at year end was $1,759,268 (2022: $900,588). The Group incurred a total comprehensive loss for the year of $7,004,373 (2022: $4,349,179 loss). At 31 March 2023 the Group's current liabilities exceeded its current assets by $921,913.

As a result of these factors there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

When assessing the Group as a Going Concern the Board acknowledges that based on cashflows and loss for the year there are potential conditions and/or events which could possibly occur. These material uncertainties are based on the Board's key judgements related to the Group's ability to either:

- Achieve revenue growth anticipated and to raise capital; or
- Reduce operating expenses if planned revenue growth is delayed or capital not raised.

The 2024 business plan assumes accelerated revenue growth driven by the Groups new service, Pearl Diver. Sales will be made to existing customers and new customers by leveraging the organic traffic acquired from Newoldstamp.

The Group's financial strategy focuses on growing a strong and reliable source of monthly recurring revenue (MRR), ensuring consistent and predictable revenue. As the customer base grows through new sign-ups, each additional subscriber contributes to the overall revenue. This ongoing growth is not limited to a one-time occurrence. During FY23 the Group successfully executed its strategy to grow MRR and expand its customer base by acquiring Newoldstamp. The launch of the Pearl Diver in March 2023 will further strengthen the Group's MRR.

The Group's gross profit in the year ended 31 March 2023 grew by 264% from the previous year to $700,729. The Groups recurring revenue along with its gross profitability provides the Group the flexibility to retrench to a net profit position if the Group chooses not to continue its growth strategy.

FY23 expenditure included $1.1 million of one-off costs associated with the acquisition of Newoldstamp and the direct listing on the NZX. The Group can reduce its operating expenditure to conserve cash. The Group's business model has been designed to enable this flexibility and includes limiting fixed expenditure and ensuring contracts are highly flexible in nature (for example the use of contractors).

In June 2023, the Group successfully closed a capital raise. This private placement was oversubscribed and raised $2.2 million. The 2024 business plan includes an assumption of one further capital raise during the year if operating revenues are insufficient to fund the company's strategy and operations. Additionally, the Group has negotiated, subject to shareholder approval, the conversion of the Crown BP Holdings, LLC $2.4 million loan into equity at a 50% premium over the recent placement stock issue.

The Directors consider the Group to be a going concern and believe the Group will achieve its financial forecast and secure investment to the extent necessary to continue as a going concern.

29. COMMITMENTS AND CONTINGENCIES

The Group has no commitments or contingencies at year end (2022: nil).

30. EVENTS AFTER BALANCE DATE

On 13 April 2023 there was an amendment to the promissory note the Group has in place with its shareholder Crown BP Holdings LLC. The amendments are as follows:

- Crown BP Holdings have discharged its security interest meaning that the note is now an unsecured obligation of BPG
- Extended the two due for repayment by 12 months each
- Entered a conditional agreement with BPG to provide Crown BP Holdings the ability to convert all or part of the amount owing under the note at any time on or before 23 January 2026 to ordinary shares in BPG at a conversion price of NZ$1.02 per share. This agreement is conditional on shareholder approval which is intended to be sought at this year's annual shareholders meeting.

On 19 April 2023, 516,511 shares were issued in consideration for specified periods of service as provided for in the Groups pre-listing employee share scheme. On 26 May 2023, an intention to undertake a private placement to raise approx $2.2 million at a share price of $0.42 per ordinary share was announced.

On 26 June 2023, the Group announced that they had negotiated, subject to shareholder approval, the conversion of Crown BP Holdings, LLC $2.4 million loan into equity as a 50% premium over the recent private placement stock issue. Shareholders will be able to vote on the conversion of the debt at the price of $0.63 per share.

There have been no other significant events since balance date.

31. CONSOLIDATED ENTITY

The consolidated financial statements of the Group include:

Name	Principal activities	Country of Incorporation	Equity Interest 2023	Equity Interest 2022
Black Pearl Group Incorporated	Same as the Black Pearl Group Limited (the parent) as described in Note 1 - but for the Group's US operations.	United States	100%	100%
Newoldstamp Limited	Selling subscriptions for in-market SaaS platform that enables businesses to centrally manage their email signatures.	New Zealand	100%	0%

32. CASHFLOW RECONCILIATIONS

Reconciliation of loss for the year to net cashflow from operating activities

	2023	2022
	$	$
Loss for the year attributable to owners of the parent	**(6,900,648)**	**(4,347,399)**
Add/(less) non-cash items included in net loss		
Depreciation and amortisation expense	358,052	154,202
Share-based payment transactions	759,056	167,827
Amortisation and remeasurement of below-market term loans	114,006	27,942
Fair value difference on government loans	-	(30,178)
Foreign exchange losses	6,406	34,796
Fair value measurement of contingent consideration	15,776	-
Non-cash contract liability acquired during business combination	(70,663)	-
Non-cash tax expense from business combination	(270,022)	-
Other non cash items	(38,566)	(4,824)
Total non cash items	**874,045**	**349,765**
Add/(less) movements in working capital items		
(Increase)/decrease in receivables	135,358	89,872
(Increase)/decrease in prepayments	(32,660)	16,325
Increase/(decrease) in payables	268,125	81,334
Increase/(decrease) in employee entitlements	43,377	38,657
Increase/(decrease) in contract liabilities	404,610	(24,046)
Net movement in working capital	818,810	202,142
Net cash outflow from operating activities	**(5,207,793)**	**(3,795,492)**

Reconciliation of movements of liabilities to cash flows arising from financing activities

The only movement in liabilities affected by cash flows from financing activities is for the Group's loans and borrowings.Loans and borrowings increased by $2.018 million. Cash movements relate the receipt of $2.4 million from the new shareholder loan, a loan repayment of $5,200 for the Company's research and development loan and the net cash movement in credit card balances of $3,184. Non-cash movements relate to $515,511 of the cash received from the shareholder, allocated to the share warrants (see Note 26) and an increase of $135,362 from interest recognised as part of the amortisation of the loans and borrowings. Further details about these loans can be found in Note 21.

Company Directory

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4064918

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Timothy Crown
Mark Osborne (appointed 24 November 2022)
Cherryl Pressley (appointed 24 November 2022)

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