

4 September 2023

Annual Shareholder Meeting – Addresses

Tim Crown, Chairman

Dear Shareholders,

Building a successful technology company that can thrive in highly competitive global markets requires three critical components:

- **Great Technology:** The foundation of any tech venture is its innovative products or services.
- **A Strong Team:** Execution is pivotal. A dedicated and skilled team turn ideas into reality.
- **Capital:** Capital fuels innovation, growth, and the achievement of our goals.

Additionally, luck and timing can also play roles in our journey!

I want to express my gratitude to all our shareholders for believing in Black Pearl, its leader Nick, our Board, and the entire Black Pearl team.

Over the past 15 years, the technology industry has seen remarkable transformations:

- Smartphones went from niche to ubiquitous.
- The cloud transitioned from fear to a mainstream solution for data storage.
- Social platforms have changed the way we communicate.

Today, the game changer is AI and big data. It started with a bang and its accelerating. Almost every major company in the United States is actively considering AI and data strategies, both as offensive and defensive measures. AI and Data take center stage in almost every discussion regarding the future of technology and its direction.

Black Pearl is strategically positioned at this market juncture. Our Pearl Diver product enables small businesses to participate in AI and data at an affordable price.

My job, and my passion, is to grow and scale companies for the long term. When you look at the revenue growth, product to market fit and the momentum that Black Pearl has today - this is what success looks like.

Every investment I make is a long-term commitment. This is what we're building at Black Pearl. Life is unpredictable, with inevitable challenges. What matters is having the energy, the drive and the grit to never give up. I see this determination in Nick and our team, which is why I invested.

Our journey is not a sprint but a marathon. What I see right now is a company coming into its own. We're at the right place, at the right time, with the right team.

Thank you for being part of Black Pearl's story.

Sincerely,

Tim Crown

Chairman, Black Pearl Group

Nick Lissette, CEO

Black Pearl Group ('BPG') has made significant strides in the nine months since launching on the NZX. BPG has:

- Delivered next level, AI driven technology to the market. We have successfully created and launched a powerful new data service - Pearl Diver.
- Achieved exceptional revenue growth in the financial year to date.
- Fully subscribed a capital round in a challenging market. Approximately 80% of the round was subscribed within 48 hours.
- Accomplished rapid revenue growth while actively reducing and capping costs.
- Met or exceeded industry benchmarks on key SaaS metrics.

Next level AI technology has been activated:

- BPG has invested 25m in our data technology platform.
- We have been processing rare and hard to access data for over ten years.
- Our investment in data and technology is what has made the rapid creation, release and success of Pearl Diver possible.

Rapid Revenue Growth:

- In the period of a year BPG has grown from just over 1m in annual recurring revenue to over 4m in annual recurring revenue.
- Pearl Diver has increased the new revenue velocity. June was \$354k new annual recurring revenue, July was \$480k new annual recurring revenue and August was \$667k new annual recurring revenue. Meaning BPG has secured \$1.5m in annual recurring revenue in just 90 days.
- BPG's annual recurring revenue for the financial year to date has already increased by 56% in relation to the whole of the previous financial year.

Maximizing Resourcing:

- BPG has grown revenue while capping, or in some cases reducing costs.
- At the start of the financial year BPG had average revenue per employee of 46k. As of today BPG are at nearly 140k.
- BPG has tripled its average revenue per employee in just 5 months.
- Key to this success is the effective utilization of global resourcing.

Key Metrics:

- Diverse Customer base (+3800 customers).
- 3.5% churn group wide.
- Average revenue per customer increased by 59% for the financial year to date.
- Annual recurring revenue of 4.1m

Key areas of improvement:

- Debt
 - BPG renegotiated terms to remove debt security and push back repayment dates by 12 months.
 - We have negotiated the option for BPG shareholders to convert the principle of the loan into equity at 0.62 cents per share. At the time of negotiations that was 50% higher than the share price.
- Market Awareness
 - BPG appointed new Independent Director Hugo Fisher
 - Increased frequency of Shareholder Updates
 - Increased investment into PR

Karen Cargill, CFO

Path to profitability

- “profitability is the new growth” and this is what BPG are striving towards
- Profitability is becoming cashflow positive to reduce future investment needs.
- The key factors that influence the path to profitability are:
 - Churn
 - Avg MRR / customer
 - Pricing
 - Partner types
 - Incremental and New technologies
- Changing any, or a combination of these key factors, has a significant impact on the timeline to profitability.
- 3 scenarios showing a timeline towards profitability were shown
 - Key assumptions of these scenarios:
 - 5% churn rate, which is above the current groupwide churn rate of 3.5%, and
 - a price increase from 1 October 2023 which leads to a higher average MRR / customer.
 - Scenario 1 is extrapolating the number of customers is took to reach \$600k total new ARR in August factoring in the price increase applied from 1 October 2023.
 - Scenario 2 is extrapolating the number of customers it would take to reach \$700k total new ARR in September and then applying the price increase from 1 October 2023 and

- Scenario 3 is extrapolating the number of customers it would take to reach \$800k total new ARR in September and then applying the price increase from 1 October 2023
- The scenarios show that a pricing change and increasing the average MRR / customer whilst factoring in a more conservative churn rate could improve the profitability timeline by 6 months.
- All 3 scenarios only factor in an increase of BPG's current partner types.
- Large scale distribution partners would radically reduce the timeline to profitability.
- The scenarios do not show the impact of incremental and new technologies.

Sales Revenue Growth

- Graph showing BPG's actual ARR from April 2022 through to August 2023 and the impact of Scenario one through to March 2024 shown.
- BPG have increased ARR from \$1m to \$4m, over April 2022 to August 2023 and currently at a 56% increase in ARR in the Financial Year to date
- An explanation of a recurring revenue model is that revenue you already have recurs monthly.

Flexible Costs

- Building a flexible cost structure has positioned BPG ideally for its path to profitability.
- In FY23, BPG incurred one-off costs associated with the acquisition of NewOldStamp and listing on the NZX, In FY24 this spend is now redirected to revenue growth.
- Substantial investment in infrastructure in FY23 laid out the groundwork for scalable operations at little to no additional cost.
- BPG's fixed cost base is 34% of total costs with a deliberately designed cost structure to be flexible in nature, primarily due to marketing and offshore resourcing.
- The flexibility enables BPG to swiftly respond to market changes, scale operations up or down as required and align the cost base to strategic objectives.

In summary, BPG's path to profitability is clear, proven, well underway and only 12-18 months from now.

Sam Daish, CTO

Blackpearl's first customer facing product was email signatures. This has established 10 years of data derived from those signatures and email interactions. For example;

- First and last name
- job title
- Company
- Address
- mobile number
- direct number

- linkedin, Instagram and other social media links.

Applied machine learning also recognises when email has been interacted with and who that was.

The platform to develop and run this product incorporates data ingestion, AI and software and design services. This is an incredible foundation for growth.

Pearl Diver:

- The data and platform Blackpearl operates is foundational to the latest product, Pearl Diver.
- Pearl Diver utilises an AI powered resolution network and identity graph to turn anonymous website visitors into a flow of new leads.
- Lead data share many of the same attributes as email. For example; name, email address, business details, contact details, etc.
- Version 1 of Pearl Diver created over \$1m new ARR in the past 90 days.

The Pearl Engine:

- From ideation to the first customer onboarding was 60 days.
- Firstly this required a great team of developers, engineers and designers
- Secondly, a platform that incorporates data ingestion, AI, micro services and design components that can be utilised at near zero marginal cost
- This private platform is the Pearl Engine. It's at the heart of Blackpearl's next generation of products that create new oceans of data and use AI to create oversized success for customers
- In addition to product creation, the Pearl Engine allows Blackpearl to scale volume at a rate that increases margin. For example, volume equating to \$80,000 MRR could be added to Pearl Diver at an extra \$1,000 per month in infrastructure costs.

Target Markets and Customers

Pearl Diver is for small and medium sized businesses in USA, or those with significant website traffic in the USA. This is due to legislative and social license differences in the USA to other regions. Our email products operate in all locations.

The three most common customer personas for Pearl Diver are:

Solopreneur or small business with few if any full time marketers or sales staff

Medium sized business with a marketing and sales teams who make use of online advertising

Lead generation or digital agency partners

Solopreneur or small business benefit from a significant uplift in leads through identification of demographic and firmographic details of visitors to their website and

emails. This drives increased sales activity and growth from otherwise low return technology tools.

Medium sized businesses benefit from increased lead volume to sales teams and more efficient retargeting and advertising for marketing teams. The data generated also feeds into segmentation and propensity models

Lead generation and digital agency partners are able to wrap services around Pearl Diver and email tools to enhance outcomes for their customers at a fraction of it would otherwise cost them

Cherryl Pressley - Chief Revenue Officer

Background:

- Cherryl has an extensive background in ERP, CRM, and industry software.
- Cherryl was a Microsoft partner and went on to leading partner businesses for Microsoft and Google.

Direct Sales:

- Direct sales are strong. August alone saw the acquisition of 94 new customers and over \$600,000 in net new ARR.

Partners:

- Partners are great to help businesses scale as you can leveraging their sales capabilities, existing connections, and industry knowledge.
- Initial progress in partnering has been made with Digital Marketing Companies and Solution Partners, highlighting the value of Pearl Diver for their businesses.
- Upcoming plans are to collaborate with Large Distribution Partners, tapping into a significant market opportunity.
- The current status of partner engagement, with 54 partners at various stages of onboarding.
- BPG has just introduced a new partner program "Nexus" to support partners in selling Pearl Diver effectively.
- Partner revenue is significant, contributing 28% of total revenue in August.
- The new addition to Pearl Diver will help fuel Partner growth.

On behalf of the Board,

Karen Cargill

Chief Financial Officer

For further information, please contact:
hello@blackpearlgroup.com | +64 480 39390