

Black Pearl Group Limited - **Quarter Two Report**

Quarterly Investor Update

Quarter Two report for the three-month period to 30 September 2024



Contents:

- 04** Foreword from the CEO
- 06** Highlights
- 08** Commentary from the CFO
- 10** Future Outlook

Contents

Dear Shareholders,

As you may have heard, last month we passed a major milestone: \$10 million in annual recurring revenue (ARR). Success fuels acceleration; **our next milestone is \$20 million in ARR, which we aim to reach within 12 to 18 months.**

This goal is ambitious, but with improvements in new sales velocity, including 108% year-on-year growth in new ARR per quarter and 91% year-on-year growth in average revenue per Pearl Diver customer, alongside other key SaaS metrics, we're confident in our trajectory.

To support this growth, we opted to raise capital. As I write this foreword, we have been fortunate that the private placement round was oversubscribed, and we received investment from leading New Zealand institutions, family offices, brokers, and other investors. The Share Purchase Plan (SPP) to current investors is still open. While raising capital via equity issue involves dilution – a process I understand well as Blackpearl's founder who once owned 100% – it should improve shareholder liquidity and position us to grow a much larger, more valuable company.

There's much to celebrate. We're hitting our hyper-growth ARR targets, accelerating our momentum, and securing top-tier investment support – all while navigating what some are referring to as "challenging economic headwinds." Blackpearl Group was born and raised in Wellington; we play best in the wind!

Onwards to \$20 million and beyond. Ad Astra.



Kind regards,
Nick Lissette
CEO, Blackpearl Group




Highlights

1 July 2024

30 September 2024

Annual Recurring Revenue

\$10.4m 

As of 30 September 2024.
Up 22% from the previous quarter Q1 FY25.
126% increase YoY

Subscription Revenue

\$1.7m 

For Q2 FY25.
Up 14% from the previous quarter Q1 FY25.
86% increase YoY

Annual Recurring Revenue Per Employee

\$282k 

As of 30 September 2024.
Up 12% from the previous quarter Q1 FY25.
95% increase YoY

Revenue Churn

4.0%

As of 30 September 2024.
Churn has increased 0.7ppt YoY and increased 0.6ppt from the previous quarter.

Gross Profit Margin

73%

Was 70% in Q2 FY24 and 73% in the previous quarter Q1 FY25.

Top 10 Customers % of Revenue

10%

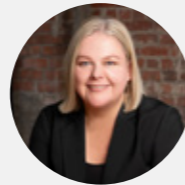
As of 30 September 2024.
A 2ppt increase YoY and a 1ppt decrease on previous quarter Q1 FY25.

Note:

- Comparative figures relate to Q2 FY24 unless otherwise stated
- Figures are in NZD\$ unless otherwise stated
- ppt stands for percentage points

Commentary from the CFO

"Reaching the \$10m milestone is a significant achievement for Blackpearl Group, underscoring the strength of our SaaS model and the growing demand for Pearl Diver in the market. With increased recurring revenue and additional capital, we are well positioned to increase investment in growth, innovation, and customer success," says Karen Cargill, Chief Financial Officer.



Karen Cargill
CFO, Blackpearl Group

Key Commentary

Annual Recurring Revenue (ARR)

\$10.4m ▲

As of 30 September 2024, we've crossed the significant milestone of \$10m in ARR, a 126% YoY increase. The rise in ARR reflects not only an expanding customer base but also an increase in the average ARR per customer. This is a direct result of selling our new higher value Pearl Diver packages.

Gross Profit Margin

73%

Our gross profit margin remains robust at 73%, underscoring the scalability of our platform and the value it continues to deliver in driving sustainable growth.

Annual Recurring Revenue Per Employee

\$282k ▲

ARR per employee increased by 95% YoY to \$282k, despite an increase in headcount from 32 to 37 over this period. This metric is a key reflection of our operational efficiency as we scale. We are in the process of expanding our staff base to circa 45 people in the next six months.

Revenue Churn

4.0%

Our churn rate rose slightly to 4.0% but remains within projected parameters. It should be noted we have increased customer lifetime value, demonstrating our ability to manage churn while growing revenue. Increased investment will enhance our understanding of product utilisation, refine market segmentation, and improve client retention strategies.

Subscription Revenue

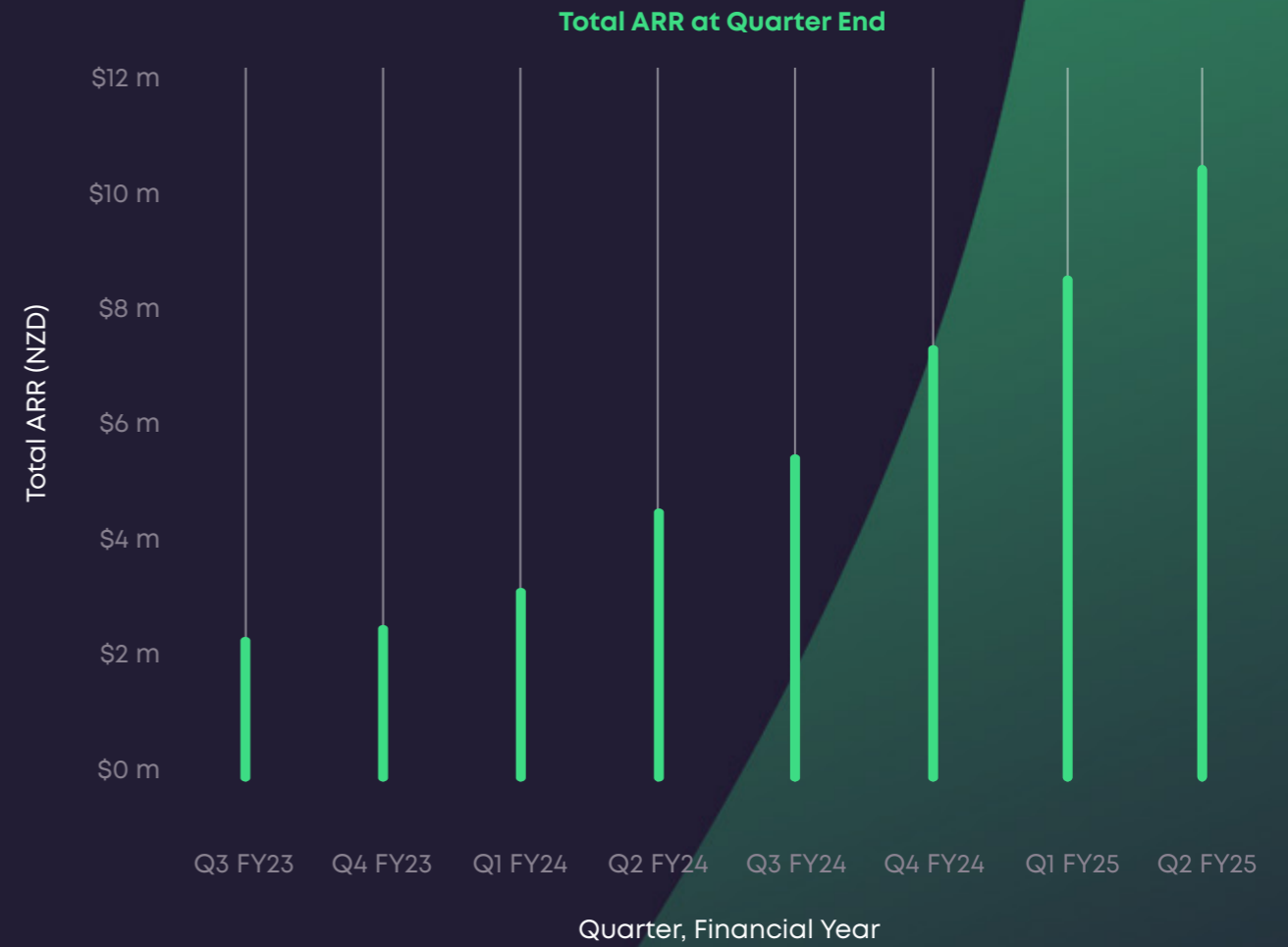
\$1.7m ▲

Subscription revenue has risen to \$1.7 million, reflecting an 86% increase year-on-year and a 14% rise from Q1 FY25. The lag between subscription revenue recognition and ARR growth is due to a variety of factors such as foreign exchange fluctuations, increased payment terms for larger customers and special offers given to customers. One of our focuses in Q3 is on decreasing this timeframe.

Top 10 Customers: % of Revenue

10%

Our top 10 customers now represent 10% of total revenue, down slightly from the previous quarter. This decrease reflects our success in broadening our customer base and reducing dependence on a small group of large customers.



Future Outlook

As we move into Q3, historically a more challenging sales period, we remain focused on revenue growth while also seizing the opportunity to refine our operations. This quarter we are prioritising the implementation of structural and process improvements to enhance operational efficiency. Upgrades, such as changes to our CRM, will provide the foundation needed to drive the next phase of our growth towards the \$20 million milestone and beyond.

During this period, we are also focused on deepening our understanding of Pearl Diver product utilisation. This is an important step in streamlining product development and further refining our ideal customer profile - both key elements in improving customer retention.

We also have exciting opportunities to gain access to more high-value data to power our products. As a company that specialises in turning 'data into dollars', new data can generate new revenue pathways. We look forward to providing updates on these initiatives as and when they materialise.

Blackpearl Group is committed to leveraging these opportunities to build a stronger, more agile business, ensuring we remain leaders in a rapidly evolving market landscape.

Blackpearl Group aims for **\$20 million** milestone

Nick Lissette has set a clear vision for Blackpearl Group's future, with the immediate goal of reaching \$20 million in annual recurring revenue. Building on our recent success, Lissette envisions a continued upward trajectory for the company. "Our focus is now on reaching \$20 million while simultaneously building a platform that will enable us to drive toward \$100 million in the future," said Lissette.



About Blackpearl Group

Blackpearl Group is a market leading data technology company that pioneers AI driven, sales and marketing solutions for the US market.

Specifically engineered for small-medium sized businesses (SMEs), Blackpearl Group consistently delivers exceptional value to its customers. Our mantra is simple: 'Better Growth Together'. When our customers win, we win.

Founded in 2012, Blackpearl Group is based in Wellington, New Zealand, and Phoenix, Arizona.

[Blackpearl.com](https://blackpearl.com)

blackpearl 