

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

Quarterly Investor Update

Quarter One report for the three-month period to 30 June 2024

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Dear Shareholders,

The secret to our success over the last year has been growing customer numbers while simultaneously increasing the average annual recurring revenue (ARR) of the new customers we acquire. In Q1 of FY25, the average ARR per Pearl Diver customer increased to NZD\$10,451, more than double the average deal value per customer from Q1 FY24. However, the most significant achievement in Q1 of FY25 was enhancing our Pearl Diver packages, opening us up to new customer segments with a ninefold increase in deal value.

Google is scheduled to block cookies in January 2025. For businesses that rely on digital advertising, this means their ability to perform retargeting marketing will be severely diminished. The businesses that will be hit the hardest are those with significant marketing spend and processes. Businesses can no longer rely on third-party data to drive marketing—it's now time to provide your own first-party data. This is the data our product, Pearl Diver, provides.

To address the needs of this market segment, we have created two new Pearl Diver packages. The first is US\$3,000 per month (NZD\$59,040 in ARR on current exchange rates), and the second is US\$5,000 per month (NZD\$98,400 in ARR on current exchange rates).

Between 1 July 2024 and 15 July 2024, we have already billed or received commitments for nearly NZD\$1m (gross) in new ARR. This is double where we would normally aim to be at this stage in a month, thanks to the team successfully selling and provisioning the new higher-value packages.

We are now approximately six weeks away from surpassing the milestone of NZD\$10m ARR. But let me be clear, our ambition is not just to thrive in our part of the US small-to-medium-sized business market, but to dominate it. To do this, we need to aggressively grow from NZD\$10m ARR to NZD\$20m ARR, and our goal is to achieve this over the next 12-18 months.

These new packages are a big part of ensuring we achieve this.



Nick Lisette
CEO, Blackpearl Group



Highlights

📅 1 April 2024

Subscription Revenue


\$1.5m 

For Q1 FY25

Up 15% from the previous quarter Q4 FY24.

143% increase YoY

Annual Recurring Revenue

\$8.6m 

As of 30 June 2024

Up 16% from the previous quarter Q4 FY24.

162% increase YoY

📅 30 June 2024

Annual Recurring Revenue Per Employee

\$252k 

As of 30 June 2024.

Up 9% from the previous quarter Q4 FY24.

308% increase YoY

Revenue Churn

3.4%

As of 30 June 2024.

Churn has increased 0.3ppt YOY and decreased 0.6ppt from the previous quarter.

Gross Profit Margin

73%

Was 62% in Q1 FY24 and 75% in the previous quarter Q4 FY24.

Top 10 Customers % of Revenue

11%

As of 30 June 2024.

A 6ppt increase YoY and 1ppt increase on previous quarter Q4 FY24.

Note:

- Comparative figures relate to Q1 FY24 unless otherwise stated
- Figures are in NZD\$ unless otherwise stated
- ppt stands for percentage points.

Commentary from the CFO

"Q1 FY25 was underpinned by successfully balancing in-quarter growth with investment in our products to support increased sales velocity for the future. The biggest barrier to evolution is continuing execution excellence in 'business-as-usual' while also building and implementing new initiatives for future growth. As we say internally 'we need to row the boat while building it'. I'm proud that the team was able to achieve this; it's no small achievement given our team size," says Karen Cargill, CFO.



Karen Cargill
CFO, Blackpearl Group

Key Commentary

Subscription Revenue

\$1.5m

We have achieved a 143% increase YoY in subscription revenue, with a 15% rise from the previous quarter, Q4 FY24. This growth reflects the enduring success of our flagship product, Pearl Diver.

Annual Recurring Revenue (ARR)

\$8.6m

As of 30 June 2024, we have reached a new milestone in ARR, recording a 162% YoY increase and a 16% rise from Q4 FY24. The key to the financial success of Pearl Diver has been increasing customer numbers while also increasing average annual recurring revenue per customer. In Q1 FY25 the average new ARR per Pearl Diver customer was \$10,451, up 132% YoY.

Revenue Churn

3.4%

Churn rate has increased by 0.3ppt YoY but has improved by 0.6ppt compared to the previous quarter. Incremental increases are expected as we move to higher-value products.

Annual Recurring Revenue Per Employee

\$252k

As of 30 June 2024, ARR per employee has increased by 308% YoY and 9% from Q4 FY24. Our average revenue per employee is equal to that of a SaaS business many times the size of Blackpearl Group and is especially pleasing given our continued investment in growth and innovation.

Gross Profit Margin

73%

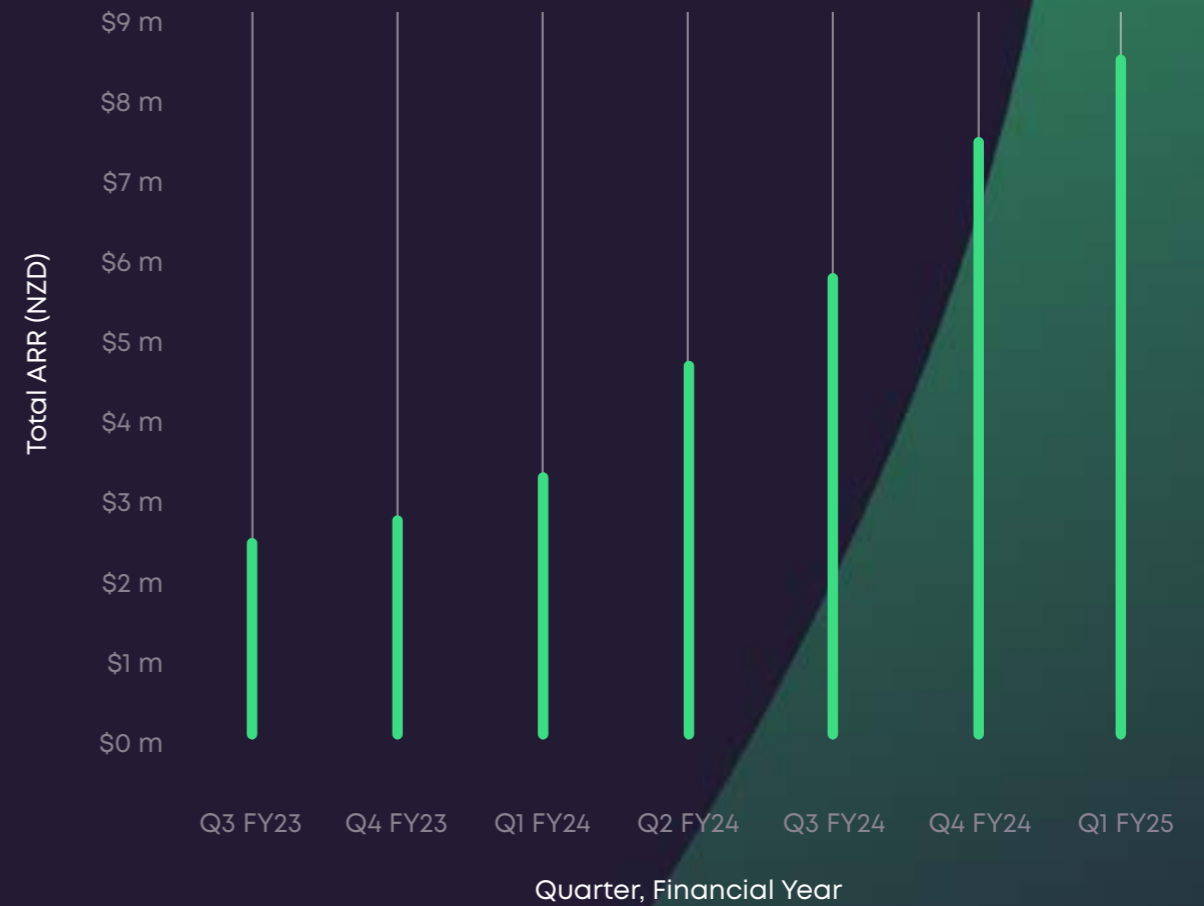
Our gross profit margin stands at 73%, up from 62% in Q1 FY24 but slightly lower than the 75% recorded in Q4 FY24. The margin reflects the prior year's investment in creating a rapidly scalable technology platform. Our Pearl Engine platform continues to shine as our strategic advantage in the hyper paced technology sector.

Top 10 Customers: % of Revenue

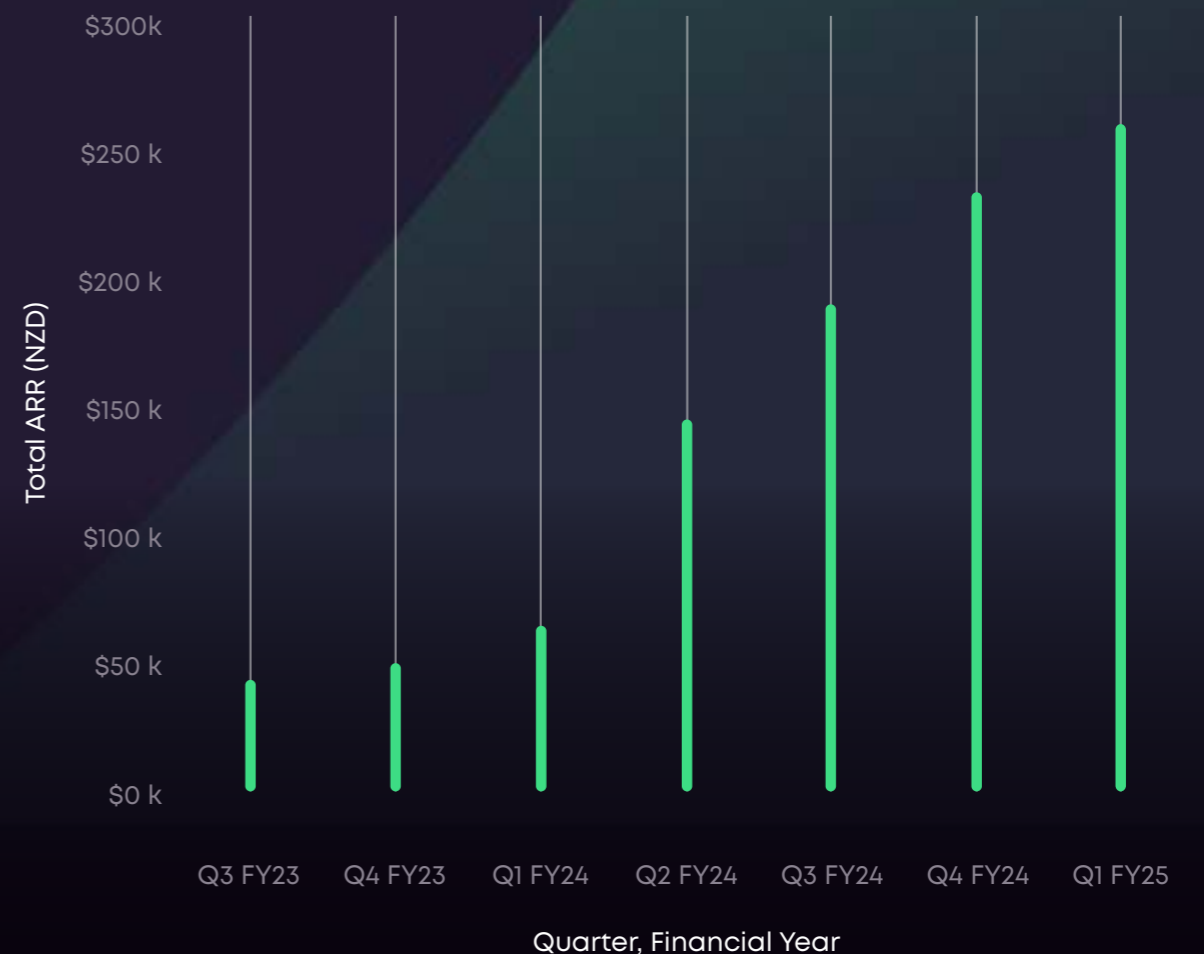
11%

Our top 10 customers contribute 11% of our total revenue, a 6ppt increase YoY and a 1ppt rise from Q4 FY24.

Total ARR at Quarter End



ARR per employee at Quarter End



Future Outlook

The US SME market, already hungry for relief from blind pay-to-play advertising and marketing, is now undergoing unprecedented disruption, increasing demand for our services even further.

Google have stated that in January 2025, they will join Apple and Mozilla in blocking cookies. Cookies are small data files stored on users' devices that track their online behaviour for targeted advertising. They are crucial for retargeting because they allow advertisers to follow users across the web, delivering personalised ads based on browsing history. With cookies being blocked, advertising and marketing will become more expensive and less effective, driving the need for alternative solutions.

Blackpearl Group's technology enables businesses to capture their own first-party data—a more transparent and compliant class of data. First-party data is the ideal fuel for marketing activities. It allows for precise, high-quality marketing without relying on third-party cookies. Instead of generic algorithms, businesses can use detailed, demographically filtered data to enhance their marketing strategies.

First-party data, which is what Pearl Diver creates, can be seen as the antidote to the negative effects of blind retargeting caused by cookie depreciation.

We have seen a significant increase in inbound customer demand, especially in the larger SME deal range (US\$3,000-US\$5,000 monthly packages). Capturing this market sentiment will help further fuel Blackpearl Group's growth over the coming year and beyond.

Pearl Diver is set for substantial growth and has just started tapping into its higher-tier offerings. Our product development remains our greatest competitive advantage, with the Pearl Engine designed to penetrate new areas more quickly than anyone else.

The US market is vast, and we have already proven our growth capability there. As we continue to push forward, we are confident in our strategy and our ability to capture new market opportunities, driving sustained growth and delivering value to our stakeholders in the evolving business landscape.



Blackpearl Group targets \$10 million milestone as annual recurring revenue doubles.

Nick Lissette has now set his sights on continuing that upward trajectory and hitting the \$10 million target within the next financial year.

Longer term, Lissette has set even bolder targets for the business to achieve.

“I believe our sights will soon be on the \$100 million revenue mark,” 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)

