

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

# Quarterly Investor Update

Quarter Three Report for the three-month period to 31 December 2023

**blackpearl** 



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Dear Shareholders,

Our results last quarter highlight two important achievements.

Firstly, it shows the impact of our latest product releases. In Q3 FY24, we experienced triple-figure growth compared to the same reporting period (Q3 FY23) a year earlier. It should be noted that Q3 FY23 had triple-figure growth compared to Q3 FY22, which leads me to our next point.

Secondly, and perhaps more importantly, it shows that our growth is consistent with no signs of slowing. Q3 is a tough period when selling into the US market. It covers Thanksgiving in late November, Christmas, Hanukkah, New Year revelries, and the end of the US tax year! Yet our recurring revenues increased by 20% from Q2.

We have stated to the market that our short-term goals are \$10 million in recurring revenue and cash-flow profitability. Both are an inevitability.

While that has been the primary theme of our updates and communication, I'd like to take this opportunity to make it clear that it is not the sum total of our aspiration but simply an operational stepping stone.

Black Pearl Group has invested over \$25 million in our technology and data platform. Powered by AI, this investment gives us many first-mover advantages in the hyper-growth AI industry. We have demonstrated the power of our technology engine through the creation and execution of **Pearl Diver**.

We will continue to innovate and release cutting-edge, data-driven services to the business market. We will ensure our technology helps **our** customers get **more** customers. We will continue rapid growth and secure a position as the preeminent data engine for small-medium-sized businesses in the US market.

Ad Astra – to the stars

Nick Lisette  
CEO, Blackpearl Group



# Highlights

📅 1 October 2023

## Subscription Revenue

**215%** 

\$1.2M subscription revenue booked in Q3 FY24, up 29% from the previous quarter Q2 FY24.

## Annual Recurring Revenue

**122%** 

Total ARR at 31 Dec 2023 is \$5.5M, up 20% from the previous quarter Q2 FY24.

📅 31 December 2023

## Annual Recurring Revenue Per Employee

**314%** 

ARR per employee is \$185k per employee as at 31 December 2023, up 28% from the previous quarter Q2 FY24.

## Revenue Churn

**3.7%**

As of 31 December 2023. Churn has increased 1.3ppt YOY and 0.4ppt from the previous quarter.

## Gross Profit Margin

**73%**

Was 50% in Q3 FY23 and 70% in the previous quarter Q2 FY24.

## Top 10 Customers % of Revenue

**11%**

As of 31 December 2023. A 6ppt increase YoY and 3ppt increase on previous quarter Q2 F24.

### Note:

- Comparative figures relate to Q3 FY23 unless otherwise stated.
- PPT stands for percentage points.

# Commentary from CFO

Blackpearl Group's Q3 success marked a leap forward. We achieved substantial growth in subscription revenue, a rise in ARR, and demonstrated our continuing operational scalability and efficiencies through offshore resourcing and prior investment in our private platform, the Pearl Engine," notes Karen Cargill. "These results highlight our team's dedication, positioning us for ongoing success in the dynamic market."



Karen Cargill  
CFO, Blackpearl Group

## Key Commentary

**215%**

The 215% increase in subscription revenue is representative of the acquisition of our Newoldstamp product in November 2022 and the release of our higher value flagship product Pearl Diver in April 2023.

**122%**

In this quarter we achieved new annual recurring revenue of \$1.8M. This is a significant achievement in the quarter that contained the Thanksgiving and Christmas holiday periods. Exchange rate changes worked against us, reducing the calculated ARR at quarter end.

**3.7%**

Revenue Churn has increased 1.3ppt YOY and 0.4ppt from the previous quarter. This is expected as we move to higher value products. This is still below the assumed 5% churn rate used in our planned path to profitability.

**314%**

Our effective utilisation of global resourcing plays a pivotal role in the increase of ARR per employee. Off-shoring certain functions allows 24/7 customer support and enhances customer experience and satisfaction. As we continue to scale and add to our global team, we expect this number to drop in the short term and then rise with future increases in revenue.

**73%**

Prior investment in Blackpearl Group's private platform, the Pearl Engine, is still providing scalability and efficiency at near-zero marginal cost allowing us to maintain our strong gross profit margin. We are forecasting an increase in platform costs as we continue towards achieving \$10M ARR.

**11%**

We are not reliant on large customers due to our diverse customer base.

Total ARR at Quarter End



ARR per employee at Quarter End



# Future Outlook

Looking forward, Blackpearl Group continues to navigate a path of robust growth and assured profitability. Our focus remains firmly on the strategic pillars of innovation, market expansion, and customer-centric product development. This approach has not only solidified our position but also set the stage for significant expansions and new ventures.

This quarter has been marked by significant progress in our technology and strategic partnerships. Notably, the development of our Pearl Large Language Model (LLM) prototype stands as a pivotal achievement. This hybrid large language model integrates open-source and proprietary capabilities alongside our bespoke AI. Pearl LLM will underpin additional product features that help our customers find more customers through refining audience targeting and strengthening the utility of insights for sales and marketing functions.

The value of this technology lies not only in the immediate use to enhance our current products, but also provides the backbone for further innovation. This technology improves with additional data flows and the use cases expand as customers engage with it. Our hybrid approach means we continue to leverage advancements in the AI eco-system while being centred on the most powerful specific use cases for our customers.



**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 (BPG) 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), BPG 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.

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