Black Pearl Mail Limited

Interim Financial Statements
For the six months ended 30 September 2022

Black Pearl Mail Consolidated Group

For the six months ended 30 September 2022

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Black Pearl Mail Consolidated Group

For the six months ended 30 September 2022

Approval of the interim financial statements

The Directors are pleased to present the interim financial statements for Black Pearl Mail Limited and its subsidiaries ('Group') for the six months ended 30 September 2022.

For and on behalf of the Board who authorise the issue of this interim financial statements on 28 November 2022.

Nicholas Lissette	28th November, 2022 Date
Timothy Crown	28th November, 2022 Date

Black Pearl Mail Consolidated Group

As at 30 September 2022

Directory

Nature of business	Email marketing and solutions provider
Incorporation number	4064918
Registered Office	Level 14, 22 Willeston Street Wellington Central Wellington, 6011 New Zealand
Directors	Nicholas Lissette Timothy Crown

		Number of shares	Proportion
Shareholders			
	VTPE Investments, LLC	2,835	12.90%
	Teamwork Group Limited	2,248	10.23%
	Crown BP Holdings, LLC	1,861	8.47%
	Bruhns Dixon Trust	1,827	8.31%
	Sir Owen George Glenn	1,650	7.51%
	SpringCapital Club Pty Ltd	1,227	5.58%
	Peter Clare	750	3.41%
	Smith Family Trust	744	3.39%
	Gentry Investments Limited	632	2.88%
	Targa Investments Limited	622	2.83%
	Shareholders with less than 3%	7,577	34.48%
	Total shareholding	21,973	100.00%

Independent Auditor	Baker Tilly Staples Rodway Audit Limited

Black Pearl Mail Consolidated Group

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Note	6 months ended 30 September 2022 Unaudited $	6 months ended 30 September 2021 Unaudited $
Subscription revenue	5	588,807	294,857
Cost of sales			
Reseller commissions		(20,246)	(16,162)
Personnel expenses		(83,891)	(75,277)
Hosting and server costs		(194,149)	(178,891)
Gross profit		**290,521**	**24,527**
Other revenue		-	172,651
Personnel expenses		(1,561,352)	(1,271,125)
Operating expenses		(1,194,156)	(784,567)
Administrative expenses		(470,291)	(72,730)
Net finance costs		(12,797)	(13,959)
Loss before income tax		**(2,948,076)**	**(1,945,203)**
Net income tax credit		-	-
Loss for the year attributable to owners of the parent		**(2,948,076)**	**(1,945,203)**
Other comprehensive income (not subsequently reclassified through profit or loss)			
Exchange differences on translation of foreign operations		(13,006)	(165,159)
Total comprehensive loss for the year		**(2,961,082)**	**(2,110,362)**
Earnings per share			
- Basic loss for the year attributable to owners	8	(140.22)	(99.67)
- Diluted loss for the year attributable to owners	8	(140.22)	(99.67)

Black Pearl Mail Consolidated Group

Consolidated Statement of Financial Position

As at 30 September 2022

	Note	30 September 2022 Unaudited $	31 March 2022 Audited $
Assets			
Current assets			
Cash and cash equivalents		1,206,887	900,588
Trade and other receivables		90,523	221,047
Income tax receivable		221,710	219,756
Prepayments		58,736	37,168
Total current assets		**1,577,856**	**1,378,559**
Non-current assets			
Property, plant and equipment		26,292	25,007
Intangible assets		264,863	333,231
Total non-current assets		**291,155**	**358,238**
Total assets		**1,869,011**	**1,736,797**
Liabilities			
Current liabilities			
Trade and other payables		237,779	242,883
Employee entitlements		201,004	151,936
Current loans and borrowings		28,902	27,888
Deferred revenue		12,595	6,128
Total current liabilities		**480,280**	**428,835**
Non-current liabilities			
Non-current loans and borrowings		349,100	339,974
Total non-current liabilities		**349,100**	**339,974**
Total liabilities		**829,380**	**768,809**
Equity			
Share capital	7	24,918,365	22,012,727
Retained earnings		(25,620,222)	(22,672,146)
Share based payment reserve	9	1,546,335	1,419,248
Foreign currency translation reserve		195,153	208,159
Equity attributable to the owners		**1,039,631**	**967,988**
Total liabilities and equity		**1,869,011**	**1,736,797**

Nicholas Lissette
Date:

Timothy Crown
Date:

Black Pearl Mail Consolidated Group

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Note	Share capital $	Retained earnings $	Share based payment reserve $	Foreign currency translation reserve $	Total $
Balance at 31 March 2022 (audited)		22,012,727	(22,672,146)	1,419,248	208,159	967,988
Loss for the period		-	(2,948,076)	-	-	(2,948,076)
Exchange differences on translation of foreign operations		-	-	-	(13,006)	(13,006)
Total comprehensive loss			(2,948,076)		(13,006)	(2,961,082)
Issue of share capital	7	2,905,638	-	-	-	2,905,638
Employee share based payments	9	-	-	127,087	-	127,087
Balance at 30 September 2022 (unaudited)		24,918,365	(25,620,222)	1,546,335	195,153	1,039,631
Balance at 31 March 2021 (audited)		20,597,057	(18,324,747)	1,251,421	209,939	3,733,670
Loss for the period		-	(1,945,203)	-	-	(1,945,203)
Exchange differences on translation of foreign operations		-	-	-	(165,159)	(165,159)
Total comprehensive loss			(1,945,203)		(165,159)	(2,110,362)
Issue of share capital	7	-	-	-	-	-
Employee share based payments	9	-	-	63,772	-	63,772
Balance at 30 September 2021 (unaudited)		20,597,057	(20,269,950)	1,315,193	44,780	1,687,080

Black Pearl Mail Consolidated Group

Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Note	6 months ended 30 September 2022 Unaudited $	6 months ended 30 September 2021 Unaudited $
Cash flows from operating activities			
Receipts from customers		588,291	289,710
Commission paid to resellers		(20,246)	(16,162)
Payments to suppliers and employees		(3,297,499)	(2,382,832)
Receipt of government grants		180,244	141,292
GST (payments)/refunds		(42,737)	3,201
US Federal taxes paid		(421)	(450)
NZ Income tax refund		-	305,178
Net cash used in operating activities		**(2,592,368)**	**(1,660,063)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,128)	(2,504)
Interest received		308	49
Net cash used in investing activities		**(7,820)**	**(2,455)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		-	(16,849)
Receipts from issue of share capital		2,905,638	-
Net cash from financing activities		**2,905,638**	**(16,849)**
Net increase/(decrease) in cash and cash equivalents		**305,450**	**(1,679,367)**
Opening cash and cash equivalents at beginning of the year		900,588	3,308,958
Effect of exchange rate fluctuations on cash held		849	1,841
Cash and cash equivalents at year end		**1,206,887**	**1,631,432**

Black Pearl Mail Consolidated Group

Notes to the consolidated financial statements

For the six months ended 30 September 2022

1 REPORTING ENTITY

Black Pearl Mail 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 providing a service that transforms businesses everyday staff email into a digital marketing platform that enable enhanced branding and advertisements to be overlayed onto existing outbound emails.

2 BASIS OF PREPARATION

The interim financial statements comprise of the result of the Company and its wholly owned subsidiary, Black Pearl Mail Incorporated, (together the 'Group') for the six months ended 30 September 2022.

Statement of compliance

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalent to International Accounting Standard 34 ("NZ IAS 34") Interim Financial Reporting.

These interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2022.

These interim 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 11.

Basis of measurement

The interim financial statements are prepared on the historical cost basis, apart from certain assets which are initially measured at fair value (certain loan balances).

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements were consistent with those applied in the Group's annual financial statements for the year ended 31 March 2022.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these interim financial statements, the significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Group's annual financial statements for the year ended 31 March 2022.

5 SUBSCRIPTION REVENUE

In the following table, revenue from contracts with customers is disaggregated

Reconciliation to total subscription revenue	**6 months ended 30 September 2022**		**6 months ended 30 September 2021**	
	Unaudited		**Unaudited**	
	$		**$**	
Total Direct Sales	524,208	89%	249,222	85%
Total Reseller Sales	64,599	11%	45,635	15%
Total subscription revenue	**588,807**	**100%**	**294,857**	**100%**

6 OPERATING SEGMENTS

The Group does not have operating segments. The Chief Executive and the Board of Directors are the Group's Chief Operating Decision Makers. The Group operates collectively in business activities, the monitoring of operating results is done at a Group level and there is no business unit segmentation. Decisions about resource allocation and assessment of performance is completed collectively across the Group.

Black Pearl Mail Consolidated Group

Notes to the consolidated financial statements

For the six months ended 30 September 2022

7 SHARE CAPITAL

	30 September 2022 Unaudited $	31 March 2022 Audited $
On issue at beginning of the period	22,012,727	20,597,057
Issue of ordinary shares	3,055,638	1,415,670
Less: transaction costs arising on share issue	(150,000)	-
Employee share based payments	-	-
Total share capital	**24,918,365**	**22,012,727**
Share capital consists of the following classes:		
Ordinary share capital	24,631,969	21,726,331
Capital contribution	286,396	286,396
Total share capital	24,918,365	22,012,727

	30 September 2022 Unaudited Number of shares	31 March 2022 Audited Number of shares
Fully paid total shares at the beginning of the year	20,295	19,516
Issue of ordinary shares	1,678	779
Employee share based payments	-	-
Total share capital	**21,973**	**20,295**
Total value per share	$ 1,134	$ 1,085
Share capital consists of the following classes:		
Ordinary share capital	21,973	19,818
Capital contribution	477	477
Total share capital	22,450	20,295

8 BASIC AND DILUTED EARNINGS PER SHARE

	6 months ended 30 September 2022 Unaudited $	6 months ended 30 September 2021 Unaudited $
Total loss attributable to owners	(2,948,076)	(1,945,203)
Weighted average number of ordinary shares for basic EPS	21,024	19,516
Dilution from share based compensation options	21,024	19,516
Weighted average number of ordinary shares adjusted for the effect of dilution	21,024	19,516
Basic loss per share	(140.22)	(99.67)
Diluted loss per share	(140.22)	(99.67)

Black Pearl Mail Consolidated Group

Notes to the consolidated financial statements

For the six months ended 30 September 2022

9 SHARE BASED PAYMENT RESERVE

Contractual share-based compensation with vesting periods

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

	6 months ended 30 September 2022 Unaudited $	6 months ended 30 September 2021 Unaudited $
Opening balance	1,419,248	1,251,421
Share rights exercised during the year - transfer to share capital	-	-
Share rights forfeited during the year - transfer to retained earnings	-	-
Progress towards share rights recognised during the period - recognised as personnel expenses	127,087	63,772
Closing balance	1,546,335	1,315,193

The total amount of share rights which have not vested are 185 and associated deferred expense is $161,367. The remaining weighted average of the vesting period for these share rights is 0.87 years (30 September 2021: 475.33 shares, $502,088 expense, 0.44 weighted average vesting years).

The following table illustrates the number of, and movements in, total share rights issued during the year:

	6 months ended 30 September 2022 Number of share rights	6 months ended 30 September 2021 Number of share rights
Opening balance	1,485	1,305
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
Shared held in escrow (exercisable rights)	**1,485**	**1,305**

10 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:

	6 months ended 30 September 2022 Unaudited $	6 months ended 30 September 2021 Unaudited $
NJL Limited (common shareholder director)		
Contracting Services Provided	135,283	135,596
Teamwork Group Limited (common shareholder)		
Contracting Services Provided	-	-
Insight Enterprises (NZ) Limited*		
Hosting Services Provided	29	52
Sharon Daish Graphic Design (KMP's spouse)		
Banner design services	638	-
Mallory Allen (KMP's spouse)		
Banner design services	4,185	-

There was an outstanding payable balance of $5.64 with Insight Enterprises (NZ) Limited at period end (31 March 2022: nil).

* Timothy Crown is a director of Black Pearl Mail Limited and Insight Enterprise Inc (US), a related party of Insight Enterprises (NZ) Limited.

Compensation of key management personnel of the Group

	6 months ended 30 September 2022 Unaudited $	6 months ended 30 September 2021 Unaudited $
Salaries and wages	554,606	392,640
Share-based payment transactions	76,873	63,772
Termination benefits	-	-
Health insurance and other benefits	-	9,289
Total compensation provided to key management personnel	**631,479**	**465,702**

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).

No amounts arising from transactions with related parties have been written off or forgiven during the period (30 September 2021: nil). There are no balances or commitments outstanding with key management personnel at 30 September 2022 (31 March 2022: nil).

11 GOING CONCERN

These interim financial statements have been prepared based on the Group being a going concern, 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.

The Group's gross profit in the six months ended 30 September 2022 grew to $290,251 from $24,527 for the same period ended 30 September 2021. The recurring nature of the Group's revenue combined with reaching gross profitability gives the Group the opportunity to retrench to a net profit position if it did not want to continue its growth strategy.

For the six months ended 30 September 2022, the Group had cash outflows of $2,592,368 (30 September 2021: $1,660,063) related to operations and the cash balance at period end was $1,206,887 (31 March 2022: $900,588). The Group incurred a loss for the six months ended 30 September 2022 of $2,948,076(30 September 2021: $1,945,203 loss) and has net assets at 30 September 2022 of $1,039,631 (31 March 2022: $967,988).

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 which may cast significant doubt on the entity's ability to continue as a going concern. These Material Uncertainties are:

- The achievement of revenue growth anticipated and the ability to raise capital and support operating cash flows; Or
- The ability to reduce operating expenses if planned revenue growth is delayed or capital not raised.

The 2023 business plan assumes accelerated revenue growth through increased investment in marketing and product lead growth. The plan assumes strong revenue growth in the third and fourth quarters of 2023, driven by the opening of new marketing channels and conversion of customers due to platform investment.

In October and November 2022 the Group raised additional cash of $1.94 million via a share issue. The cash consideration paid for the post balance date acquisition (see note 12.1) was included in the 2023 business plan. Additional funding of NZD$2.4 million was sourced in November 2022 (see note 12.3).

The Directors have considered the impact on the 2023 business plan if the Group is not able to raise additional cash via a share issue or revenue growth is lower than expected. In these scenarios the Group can reduce its operating expenditure to conserve cash and enable the Group to continue in operation. 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).

The 2023 business plan has been extended out to December 2023 to project cash flows for a period of twelve months after the approval of these consolidated financial statements.

If the Group is unable to achieve revenue growth and raise capital as required, or alternatively, reduce operating expenses, the Group may not be able to pay its debts as they fall due and continue as a going concern. This may cast doubt on the ability of the Group to continue as a going concern and therefore may result in the Group's inability to realize its assets and settle its liabilities in the normal course of business. These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Group were unable to continue as a going concern.

While acknowledging that uncertainty exists the Directors believe that the projected revenue growth, established capital raising opportunities and ability to reduce expenses mean that the business will have sufficient funding to continue operations. The Group has a dependable source of recurring revenue, which produces gross profit. Additional expenditure is discretionary in the pursuit of additional revenue and if there was insufficient cash to support growth expenditure can be reduced rapidly. The Group has a strong track record of raising capital, including additional capital raised in the 2023 year. As such, the Directors consider that the use of the going concern basis is appropriate.

12 EVENTS AFTER BALANCE DATE

12.1 Business combination

On 1 November 2022, the Company acquired certain assets of NewOldStamp Limited ("NOS") which qualifies as a business combination within the scope of NZ IFRS 3 *Business Combinations* . NOS operates in a similar business to that of the Company. The assets purchased are NOS' website, certain codes, customer contracts, and other intangibles, for consideration of NZD$4 million. The acquisition is expected to increase the Group's market share and enable access to a greater range of customers.

The financial effects of this transaction have not been recognised at 30 September 2022. The assets of the acquired business will be consolidated from 1 November 2022. Below are the preliminary accounting treatments, which are still being confirmed and will be confirmed in the 31 March 2023 financial statements.

Purchase consideration and fair value of assets acquired

Consideration consisted of $783k of cash and $3,188k of the issue of shares in Black Pearl Mail Limited. A portion of consideration is contingent on certain events occurring in the two years after acquisition.

	Unaudited
Purchase consideration	**$**
Cash paid	783,800
Shares issued*	999,729
Contingent consideration**	2,188,799
Total purchase consideration	**3,972,328**

*549 shares were issued at $1821 per share
**Contingent consideration is payable on the first and second anniversary of the transaction as outlined below:

	Unaudited
	$
Non contingent consideration	1,783,529
Contingent consideration	2,188,799
	3,972,328

$2,188k of consideration is contingent upon certain events occurring including the continuation of assets performing, maintenance of site visits and non compete conditions. The Group has assessed a 100% likelihood of these amounts being paid and recognised these as part of the consideration paid. The provisional treatment is outlined below:

	Unaudited	Unaudited
Anniversary one	**Gross**	**Discounted***
	$	**$**
329 shares at $1821 per share	599,109	599,109
NZD$600,000 of shares issued at the most recent price	600,000	581,790
Total anniversary one consideration	**1,199,109**	**1,180,899**
Anniversary two	**Gross**	**Discounted***
	$	**$**
285 shares at $1821 per share	518,985	518,985
NZD$520,800 of shares issued at the most recent price	520,800	488,915
Total anniversary two consideration	**1,039,785**	**1,007,900**

*The Group has provisionally determined that the anniversary one and two fixed share payments (329 and 285 shares) meet the classification of equity. The variable payments ($600k and $520k of shares) have been provisionally classified as liabilities and discounted based on a 3.13% risk free rate.

Black Pearl is still in the process of allocating the purchase price to assets but has provisionally determined the assets will be intangible in nature.

Contingent contractor consideration

As part of the transaction additional consideration is payable to the founding shareholders of NOS on completion of certain service periods. These payments have been classified as contingent contractor payments and excluded from the consideration paid for the business. These payments are provisionally accounted for as the contractors provide services over the two periods. Payment is made by the issue of shares at the most recent valuation, to the dollar value outlined below (a variable number of shares). The consideration and service periods are outlined below.

Service period one - 1 November 2022 - 1 November 2023	**Unaudited**
	$
Share consideration payable at end of the period	600,465

Service period two - 1 November 2023 - 1 November 2024	**Unaudited**
	$
Share consideration payable at end of the period	520,403

12.2 Issue of shares and share split

In November 2022 the Company completed a share split, which resulted in 1456.8 shares being issued for every 1 share held (a 1456.8:1 split).

In October and November 2022, further share capital was issued for consideration of NZD$1.94 million (at a pre share split price of $1821 per share, post share split price of $1.25 per share).

12.3 Additional funding

In November 2022 the Group took out additional funding of NZD $2.4 million from Crown BP Holdings, LLC (which is controlled by Tim Crown, a Director and shareholder of Black Pearl Mail Limited). The loan is repayable in two tranches being December 2023 ($1.2 million) and January 2025 ($1.2 million). The interest rate on the loan 1% per annum. As part of the transaction Black Pearl Mail Limited issued 2.5 million warrants, at an excise price of 1 cent per share to Crown BP Holdings LLC.

New Old Stamp Business

Interim Carve out Financial Statements
For the six months ended 30 September 2022

New Old Stamp Business

For the six months ended 30 September 2022

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New Old Stamp Business

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Notes	6 months ended 30 September 2022	6 months ended 30 September 2021
		$	$
Subscription revenue	6	573,744	425,144
Cost of sales		(83,458)	(53,309)
Gross profit		**490,286**	**371,835**
Consulting expenses		(567,149)	(374,203)
Operating expenses	7	(90,517)	(60,924)
Administrative expenses	7	(5,511)	(8,694)
Loss before income tax		**(172,891)**	**(71,986)**
Net income tax credit		-	-
Loss for the year attributable to owners of the business		**(172,891)**	**(71,986)**
Other comprehensive income (not subsequently reclassified through profit or loss)			
Exchange differences on translation to presentation currency		(52,363)	(25,956)
Total comprehensive loss for the year		**(225,254)**	**(97,942)**

The accompanying notes form part of these financial statements.

New Old Stamp Business

Statement of Financial Position

As at 30 September 2022

	Notes	30 September 2022	At 31 March 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents	8	127,882	255,562
Prepayments		6,752	3,786
Total current assets		**134,634**	**259,348**
Non-current assets			
Total non-current assets		-	-
Total assets		**134,634**	**259,348**
Liabilities			
Current liabilities			
Loans payable	9	261,643	215,054
Deferred revenue	6	467,323	413,372
Total current liabilities		**728,966**	**628,426**
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		**728,966**	**628,426**
Equity			
Retained earnings		(577,668)	(404,777)
Foreign currency translation reserve		(16,664)	35,699
Equity attributable to the owners		**(594,332)**	**(369,078)**
Total liabilities and equity		**134,634**	**259,348**

The accompanying notes form part of these financial statements.

New Old Stamp Business

Statement of Changes in Equity

For the six months ended 30 September 2022

	Notes	Retained earnings	Foreign currency translation reserve	Total
		$	$	$
Balance at 31 March 2022		(404,777)	35,699	(369,078)
Loss for the year		(172,891)	-	(172,891)
Exchange differences on translation of operations		-	(52,363)	(52,363)
Total comprehensive loss		(172,891)	(52,363)	(225,254)
Balance at 30 September 2022		(577,668)	(16,664)	(594,332)
Balance at 31 March 2021		(378,709)	35,963	(342,746)
Loss for the year		(71,986)	-	(71,986)
Exchange differences on translation of operations		-	(25,956)	(25,956)
Total comprehensive loss		(71,986)	(25,956)	(97,942)
Balance at 30 September 2021		(450,695)	10,007	(440,688)

The accompanying notes form part of these consolidated financial statements.

New Old Stamp Business

Statement of Cash Flows

For the six months ended 30 September 2022

	Notes	6 months ended 30 September 2022 $	6 months ended 30 September 2021 $
Cash flows from operating activities			
Receipts from customers		554,276	436,059
Cash paid to suppliers and contractors		(713,952)	(469,118)
Net cash used in operating activities		**(159,676)**	**(33,059)**
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Net (decrease) in cash and cash equivalents		**(159,676)**	**(33,059)**
Opening cash and cash equivalents at beginning of the year		255,562	180,572
Effect of exchange rate fluctuations on cash held		31,996	7,729
Cash and cash equivalents at year end	**8**	127,882	155,242

The accompanying notes form part of these financial statements.

New Old Stamp Business

Notes to the financial statements

For the six months ended 30 September 2022

1 REPORTING ENTITY

New Old Stamp Business ('the Business') is a segment of New Old Stamp Inc (a United States entity). New Old Stamp Inc includes the business segments of New Old Stamp and revenue and expenses from My Signature. The information presented is for the New Old Stamp Business and represents the revenue, expenses, assets and liabilities of the New Old Stamp segment ('the carve out financial statements'). New Old Stamp Business provides email signature and management services.

New Old Stamp Inc is domiciled in the United States and is a for profit Company. The interim carve out financial statements for New Old Stamp Business have been prepared as described below.

2 BASIS OF PREPARATION

The carve out financial statements of the New Old Stamp Business have been prepared to include the revenue, expenses, assets and liabilities of the New Old Stamp segment and exclude the revenue, expenses, assets and liabilities of My Signature segments. The financial statements are prepared as special purpose financial statements for the purpose of management's assessment of the performance of the segment. The financial statements are prepared as outlined in the policies below. The interim financial statements are for the six months ended 30 September 2022.

Statement of compliance

The financial statements have been prepared as special purpose financial statements for the purposes of management's assessment of the performance of the segment. The financial statements have been prepared applying the principles of the double-entry method of recording financial transactions and accrual accounting. Items are recorded at historical cost except where outlined below.

These financial statements have been prepared on a going concern basis, which assumes that the Business will be able to realise its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. This relies on the continuing ability of the business to generate cash from products or receive further funding from shareholders.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentational currency

The financial statements are presented in New Zealand dollars, which is the Business's presentational currency and rounded to the nearest dollar. The Business's functional currency is the United States dollar.

3 Basis of preparation prior to carve out date

Prior to the carve out date, separate financial statements were not prepared for New Old Stamp and My Signature segments of the business. As such, the results up until 30 September 2022 have been carved out from the historical financial underlying detail. Details of the method of preparing the carve out financial statements are as follows:

Revenue

New Old Stamp revenue is separately identifiable via the billing system. These amounts were readily identifiable and minimal judgement was required.

3 Basis of preparation prior to carve out date

Expenses

Administration and IT expenses were individually identified for each period and allocated to each business segment. There are minimal general administrative overheads and minimal judgement was applied.

Contractor expenses are the most material expense. Some contractors provide services for both New Old Stamp Business and My Signature. Contractors were allocated between the business segments based on the work performed in each period. Judgement was applied to the allocation of contractor expenses and this was based on the historical estimates of time spent on each business segment.

Cash

Cash was allocated to the Business based on its revenue and expenses. Minimal judgements were applied.

Deferred Revenue

Deferred revenue was allocated based on identifiable revenue receipts. These amounts were readily identifiable and minimal judgement was required.

Loans payable

Loans payable were individually identified for the Business. Minimal judgement was applied.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these 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.

Intangible assets

The Business develops software. The internal costs related to this development have not been recognised as an intangible asset on the basis the costs are not identifiable and at the time of development there was not adequate expectation of future economic benefits being generated. As such, no intangible asset has been recognised for internally developed software.

Deferred tax balances

The Business is currently generating tax losses and does not have an expectation of utilising these tax losses in the near future. As such, no deferred tax asset has been recognised.

5 ACCOUNTING POLICIES

Value added tax

All amounts are shown exclusive of value added tax and other indirect taxes except for trade receivables and trade payables that are stated inclusive of value added tax.

Foreign currency translations

Transactions and balances

Foreign currency transactions are initially translated to the Businesses 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.

The results and financial position of the Business are translated into the 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);
- All translation differences are recognised through other comprehensive income and are recorded through the Foreign currency translation reserve.

6 SUBSCRIPTION REVENUE

Accounting policy

Subscription revenue is mainly comprised of recurring monthly, quarterly and annual fees from subscribers to the Businesses cloud-based software. Subscriptions are made directly through New Old Stamp's website.

Subscription revenue is recognised on a straight-line basis across the term of the subscription. Customers are invoiced at the start of each subscription period. The majority of customers are on an annual subscription and revenue is deferred upon payment and recognised on a straight line basis over the term of the subscription.

Resellers earn commission for their services which is amortised over the term of the contract except for contracts that are less than 12 months where commission is expensed immediately.

Significant judgements applied

Recognition of revenue over term of contract

The agreed subscription price with the customer is the transaction price. The performance obligations for subscriptions to the cloud-based software 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.

In the following table, revenue from contracts with customers

Reconciliation to total subscription revenue	**6 months ended 30 September 2022**		**6 months ended 30 September 2021**	
	$		**$**	
Total Direct Sales	573,744	100%	425,144	100%
Total subscription revenue	**573,744**	**100%**	**425,144**	**100%**

The Business has no significant financing components in any of its contracts with customers.

Deferred revenue at 30 September 2022 was $467,323 (March: $413,372).

7 OPERATING COSTS AND ADMINISTRATIVE EXPENSES

OPERATING COSTS	**6 months ended 30 September 2022 $**	**6 months ended 30 September 2021 $**
Advertising and marketing	23,837	194
IT service costs	66,680	60,730
Total operating costs	**90,517**	**60,924**

ADMINISTRATIVE EXPENSES	**6 months ended 30 September 2022 $**	**6 months ended 30 September 2021 $**
Bank fees	5,511	4,146
Legal and professional fees	-	4,548
Total administrative expenses	**5,511**	**8,694**

New Old Stamp Business

Notes to the financial statements (continued)

For the six months ended 30 September 2022

8 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.

	At 30 September 2022	At 31 March 2022
	$	$
Cash and cash equivalents	127,882	255,562
Total cash and cash equivalents	**127,882**	**255,562**

9 LOAN PAYABLE

Accounting policy

Borrowings on normal commercial terms are initially recognised at fair value, which is the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are subsequently measured at amortised cost and classified as current liabilities unless the Business has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

The Business has a loan payable to 500 Startups Istanbul and 500 Startups V of USD$150,000 (NZD:$261,643; March: NZD $215,054). The loan is interest free and convertible to shares at the holders request. No adjustment has been made to the fair value of the loan on initial recognition the basis that this is a current loan and the face value approximates fair value.

10 COMMITMENTS AND CONTINGENCIES

The Business has no commitments or contingencies at period end (March: nil).

11 EVENTS AFTER BALANCE DATE

The Business has no events after balance date (March: nil).

12 RELATED PARTIES

Compensation of key management personnel of the Business

	6 months ended 30 September 2022	6 months ended 30 September 2021
	$	$
Contractor fees	122,623	43,298
Termination benefits		
Health insurance and other benefits		
Total compensation provided to key management personnel	**122,623**	**43,298**

Black Pearl Mail Limited

Consolidated Financial Statements
For the year ended 31 March 2022

Black Pearl Mail Consolidated Group

For the year ended 31 March 2022

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Black Pearl Mail Consolidated Group

For the year ended 31 March 2022

Approval of the consolidated financial statements

The Directors are pleased to present the consolidated financial statements for Black Pearl Mail Limited for the year ended 31 March 2022.

The Directors have exercised their rights under Section 211(3) of the Companies Act 1993 that this Annual Report need not comply with any of the Sections (a) and (e) to (j) of Section 211(1) of the Act.

Nicholas Lissette

Aug 31, 2022
Date

Timothy Crown

Aug 31, 2022
Date

Black Pearl Mail Consolidated Group

For the year ended 31 March 2022

Directory

Nature of business	Email marketing and solutions provider
Incorporation number	4064918
Registered Office	Level 14, 22 Willeston Street Wellington Central Wellington, 6011 New Zealand
Directors	Nicholas Lissette Timothy Crown

Shareholders

As at 31 March 2022	Number	Proportion
VTPE Investments, LLC	2,835	13.97%
Teamwork Group Limited	2,248	11.08%
Crown BP Holdings, LLC	1,861	9.17%
Bruhns Dixon Trust	1,827	9.00%
SpringCapital Club Pty Ltd	1,227	6.05%
Peter Clare	750	3.70%
Smith Family Trust	744	3.67%
Gentry Investments Limited	632	3.11%
Targa Investments Limited	622	3.06%
Shareholders with less than 3%	7,549	37.19%
Total shareholding	20,295	100%

Accountants	Deloitte Limited, Wellington
Independent Auditor	Baker Tilly Staples Rodway Audit Limited

Baker Tilly Staples Rodway Audit Limited
Cnr Hastings & Eastbourne Streets
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New Zealand

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W: www.bakertillysr.nz

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Black Pearl Mail Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Black Pearl Mail Limited and its subsidiary ('the Group') on pages 7 to 45, which comprise the consolidated statement of financial position as at 31 March 2022, 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 significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and 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').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters 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 Shareholders of the Group as a body, for our audit work, for our report or for the opinions we have formed.

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 Mail Limited or its subsidiary.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 26 of the consolidated financial statements, which indicates that the Group incurred a net loss of $4,349,179 during the year ended 31 March 2022 and the Group's going concern position is dependent on the achievement of its anticipated revenue growth, securing additional share capital to support operating cash flows, and reducing operating expenses if planned revenue growth is delayed or capital not raised. These conditions, along with other matters as set forth in Note 26, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Matter

The financial statements of Black Pearl Mail Limited, as an individual entity, for the year ended 31 March 2021 were audited by another auditor who expressed a modified opinion on those statements on 9 September 2021. This modification related to the opening balances of the company which had not been previously audited.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the 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 on behalf of the Group 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 the auditor's responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

Hastings, New Zealand

31 August 2022

Black Pearl Mail Consolidated Group

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022	2021
		$	$
Subscription revenue	5	726,526	211,458
Cost of sales			
Reseller commissions		(35,205)	(13,310)
Personnel expenses		(144,512)	(128,788)
Hosting and server costs		(331,787)	(571,765)
Gross profit / (loss)		**215,022**	**(502,405)**
Other revenue	6	172,667	396,727
Personnel expenses	8	(2,563,045)	(3,045,790)
Operating expenses	9	(1,731,071)	(1,801,915)
Administrative expenses	9	(628,744)	(683,475)
Net finance costs	10	(28,138)	(11,913)
Loss before income tax		**(4,563,309)**	**(5,648,771)**
Net income tax credit	11	215,910	305,178
Loss for the year attributable to owners of the parent		**(4,347,399)**	**(5,343,593)**
Other comprehensive income (not subsequently reclassified through profit or loss)			
Exchange differences on translation of foreign operations		(1,780)	209,939
Total comprehensive loss for the year		**(4,349,179)**	**(5,133,654)**
Earnings per share			
- Basic loss for the year attributable to owners	22	(220.34)	(283.31)
- Diluted loss for the year attributable to owners	22	(220.34)	(283.31)

The accompanying notes form part of these consolidated financial statements.

Black Pearl Mail Consolidated Group

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	At 31 March 2022 $	At 31 March 2021 $	At 1 April 2020 $
Assets				
Current assets				
Cash and cash equivalents	12	900,588	3,303,958	1,443,418
Trade and other receivables	13	221,047	213,515	38,744
Income tax receivable	11	219,756	317,160	227,569
Net investment in sublease	14	-	5,659	-
Prepayments		37,168	53,493	34,021
Total current assets		**1,378,559**	**3,893,785**	**1,743,752**
Non-current assets				
Property, plant and equipment	15	25,007	33,284	47,827
Intangible assets	16	333,231	469,609	605,989
Deferred tax assets	11	-	-	-
Right-of-use asset	14	-	-	91,912
Total non-current assets		**358,238**	**502,893**	**745,727**
Total assets		**1,736,797**	**4,396,678**	**2,489,479**
Liabilities				
Current liabilities				
Trade and other payables	17	242,883	155,012	127,395
Employee entitlements	18	151,936	113,279	59,398
Lease liabilities	14	-	16,575	72,484
Current loans and borrowings	19	27,888	22,977	16,176
Deferred revenue		6,128	36,712	16,020
Total current liabilities		**428,835**	**344,555**	**291,473**
Non-current liabilities				
Non-current loans and borrowings	19	339,974	318,453	-
Lease liabilities	14	-	-	19,428
Total non-current liabilities		**339,974**	**318,453**	**19,428**
Total liabilities		**768,809**	**663,008**	**310,901**

The accompanying notes form part of these consolidated financial statements.

Black Pearl Mail Consolidated Group

Consolidated Statement of Financial Position (continued)

As at 31 March 2022

	Notes	At 31 March 2022 $	At 31 March 2021 $	At 1 April 2020 $
Equity				
Share capital	21	22,012,727	20,597,057	14,249,765
Retained earnings		(22,672,146)	(18,324,747)	(12,981,154)
Share based payment reserve	23	1,419,248	1,251,421	909,968
Foreign currency translation reserve		208,159	209,939	-
Equity attributable to the owners		**967,988**	**3,733,670**	**2,178,578**
Total liabilities and equity		**1,736,797**	**4,396,678**	**2,489,479**

Nicholas Lissette
Date: AUG 31, 2022

Timothy Crown
Date: Aug 31, 2022

The accompanying notes form part of these consolidated financial statements.

BTSR

Black Pearl Mail Consolidated Group

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Share capital	Retained earnings	Share based payment reserve	Foreign currency translation reserve	Total
		$	$	$	$	$
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)
Issue of share capital	21	1,415,670	-	-	-	1,415,670
Employee share based payments	23	-	-	167,827	-	167,827
Exchange differences on translation of foreign operations		-	-	-	(1,780)	(1,780)
Balance at 31 March 2022		22,012,727	(22,672,146)	1,419,248	208,159	967,988
Balance at 31 March 2020		14,249,765	(12,981,154)	909,968	-	2,178,578
Loss for the year		-	(5,343,593)	-	-	(5,343,593)
Issue of share capital	21	6,266,318	-	-	-	6,266,318
Employee share based payments	23	80,974	-	341,453	-	422,427
Exchange differences on translation of foreign operations		-	-	-	209,939	209,939
Balance at 31 March 2021		20,597,057	(18,324,747)	1,251,421	209,939	3,733,670

The accompanying notes form part of these consolidated financial statements.

Black Pearl Mail Consolidated Group

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022	2021
		$	$
Cash flows from operating activities			
Cash receipts from customers		714,261	199,500
Cash paid to resellers for their commission		(4,369)	(13,310)
Cash paid to suppliers and employees		(4,909,742)	(5,293,420)
Receipt of government grants		141,292	120,574
GST payments		4,691	2,765
US Federal taxes paid		(46,714)	(593)
NZ Income tax refund		305,178	213,549
Interest Paid		(89)	2,418
Net cash used in operating activities	**29**	**(3,795,492)**	**(4,768,517)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,705)	(27,909)
Proceeds on disposal of property, plant and equipment		975	6,876
Interest received		100	4,921
Net cash used in investing activities		**(10,630)**	**(16,112)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(16,889)	(69,798)
Cash receipts from sublease payments		5,742	16,194
Proceeds from borrowings		-	429,800
Cash receipts from issue of share capital		1,415,670	6,266,318
Net cash from financing activities		**1,404,523**	**6,642,514**
Net (decrease)/increase in cash and cash equivalents		**(2,401,599)**	**1,857,885**
Opening cash and cash equivalents at beginning of the year		3,303,958	1,443,418
Effect of exchange rate fluctuations on cash held		(1,771)	2,655
Cash and cash equivalents at year end	**12**	900,588	3,303,958

The accompanying notes form part of these consolidated financial statements.

1 REPORTING ENTITY

Black Pearl Mail 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 providing a service that transforms businesses everyday staff email into a digital marketing platform that enable enhanced branding and advertisements to be overlayed onto existing outbound emails.

2 BASIS OF PREPARATION

The consolidated financial statements comprise of the result of the Company and its wholly owned subsidiary, Black Pearl Mail Incorporated, (together the 'Group') for the year ended 31 March 2022.

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 is a 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 26.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, apart from certain assets which are initially measured at fair value (certain loan balances).

First time adoption of NZ IFRS

This is the Group's first time adoption of NZ IFRS. All relevant standards applicable to the Group have been applied in the current year and for comparative figures in accordance with *NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards.* The transition date for the Group is 1 April 2020.

The previous approved financial statements were prepared under a special purpose framework and complied with the New Zealand Tax Administration (Financial Statements) Order 2014. These previously prepared financial statements were for tax purposes and applied the accounting policies of accrual accounting and the double entry method of recording financial statements.

The impact of first time adoption of NZ IFRS is set out in Note 31.

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. Black Pearl Mail Incorporated's functional currency is the United States dollar.

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.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

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 - see Note 16.
- Estimated prevailing market interest rate for fair value measurement of below-market term loans from government - see Note 19.
- Fair value estimation of share price at grant date for share based compensation - see Note 23.

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

- Impairment of intangible assets - see Note 16.
- Subscription revenue performance obligations and satisfaction of those obligations - see Note 5.
- Agent vs principal determination for subscription resellers - see Note 5.
- Accounting for payments as government grants - see Note 6.
- Accounting for share capital issued which require repayment of capital prior to dividends - see Note 21.
- Preparation under the going concern assumption - 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.

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.

4 ACCOUNTING POLICIES (continued)

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.

Impairment of non-financial assets
Property, plant and equipment ('PPE') and intangible assets are reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The carrying amount of the Group's other non-financial assets are reviewed at each balance date to determine whether there is any indication of impairment or objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

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 SUBSCRIPTION REVENUE

Accounting policy

Subscription revenue is mainly comprised of recurring monthly fees from subscribers to Black Pearl Mail's cloud-based software. There is an option for customers to pay for longer subscriptions in advance. Subscriptions are made directly through Black Pearl Mail's website, or through a reseller.

Subscription revenue is recognised on a straight-line basis across the term of the subscription. Customers on monthly subscriptions are invoiced at the start of each subscription month. Customers who choose to pay for longer subscriptions in advance are invoiced at the start of the subscription period and revenue is recognised on a straight-line basis across the term of the subscription.

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 Black Pearl Mail's cloud-based software 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. However, 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.

5 SUBSCRIPTION REVENUE (continued)

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

Reconciliation to total subscription revenue	2022		2021	
	$		$	
Total Direct Sales	639,786	88%	170,230	81%
Total Reseller Sales	86,740	12%	41,228	19%
Total subscription revenue	**726,526**	**100%**	**211,458**	**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 Black Pearl Mail's 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.

6 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.

	2022	2021
	$	$
Government grants	171,470	396,727
Other revenue	1,197	-
Total other revenue	**172,667**	**396,727**

Significant judgements

Accounting for the Payment Protection Programme loan from the US government

In April 2020, the Group received a forgivable loan under the Payment Protection Programme from the United States government. The loan would be forgiven if the Group met specific criteria, which mainly related to the use of funds to ensure employees continued to be employed during the Covid-19 pandemic. The funds were used during the year ended 31 March 2021 and the loan was formally forgiven in April 2021. The Group's view is that this is in substance a government grant and have accounted for the USD$80,700 (NZD$115,599) received as revenue during the year ended 31 March 2021.

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.

Additional information on fair value write-down of below market-term loans from the government

The difference between the cash received and the fair value of below market-term loans from the government is accounted for as a government grant - see Note 19 for more detail about the loans from the government. The following are details about the recognition of government grants in relation to those below market-term loans:

Research and Development Loan from Callaghan Innovation

This loan was provided to the Group for research and development expenditure. The fair-value write down is deferred and will be recognised as revenue through profit or loss, in line with the underlying research and development expenditure for which the funds were provided, during the period 1 July 2020 to 30 June 2021. The balance of the unamortised fair-value write down at year end is nil (2021: $30,178) and the total government grant recognised during the year is $30,178 (2021: $90,534).

6 OTHER REVENUE (continued)

Small Business Cash Flow Scheme loan from the Inland Revenue Department

This loan was provided for immediate relief in response to Covid-19. The fair value write down of $5,375 was immediately recognised as revenue through profit or loss in the year it was received, being the year ended 31 March 2021.

7 OPERATING SEGMENTS

The Group does not have operating segments. The Chief Executive and the Board of Directors are the Group's Chief Operating Decision Makers. The Group operates collectively in business activities, the monitoring of operating results is done at a Group level and there is no business unit segmentation. Decisions about resource allocation and assessment of performance is completed collectively across the Group.

8 PERSONNEL EXPENSES

Accounting policies

Salaries and wages

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

	2022	**2021**
	$	**$**
Salaries and wages	2,318,700	2,639,702
Sales commissions	37,861	10,754
Employee share-based compensation expense - see Note 23	167,827	341,453
Increase in employee entitlements - see Note 18	38,657	53,881
Total personnel expenses	**2,563,045**	3,045,790

9 OPERATING COSTS AND ADMINISTRATIVE EXPENSES

OPERATING COSTS	**2022**	**2021**
	$	**$**
Advertising and marketing	758,648	270,797
Hosting and Server development costs	95,263	164,483
IT service costs	114,551	144,530
Consulting costs	759,852	1,218,396
Membership fees	2,757	3,709
Total operating costs	**1,731,071**	**1,801,915**

ADMINISTRATIVE EXPENSES	**2022**	**2021**
	$	**$**
Bank fees	28,013	17,086
Accounting fees	25,666	41,115
Auditor's remuneration*	96,000	-
Depreciation and amortisation	154,202	198,078
Insurance	25,222	25,732
Other expenses	230,090	161,094
Travel expenses	21,394	5,484
Legal fees	13,361	10,552
Foreign exchange gains and losses	34,796	224,334
Total administrative expenses	**628,744**	**683,475**

9 OPERATING COSTS AND ADMINISTRATIVE EXPENSES (continued)

***AUDITOR'S REMUNERATION**

The audit fees paid consist of $7,000 related to the audit of the 2021 Parent financial statements and $89,000 related to the audit of the Group in 2022. The Group's auditor in 2022 is Baker Tilly Staples Rodway Audit Limited ('Baker Tilly'). The financial statements for the year ended 31 March 2022 are the first set of financial statements which Baker Tilly have audited for the Group and is also the first set of financial statements which the Group has reported under NZ IFRS. The audit fee recorded in the 2022 financial year solely relates to these financial statements, no other fees have been paid to Baker Tilly or the previous auditor for other services.

10 NET FINANCE COSTS

Accounting policy

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

	2022	2021
Finance costs	**$**	**$**
Interest on loans and borrowings	28,031	12,323
Interest on lease liabilities	278	5,295
Total finance costs	28,309	17,618
Finance income		
Interest on net investment in sublease	71	784
Bank interest earned	100	4,921
Total finance income	171	5,705
Net finance costs	**28,138**	**11,913**

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 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.

	2022	2021
	$	$
Net loss before income tax	(4,563,309)	(5,648,771)
At the New Zealand statutory income tax rate of 28% (2021: 28%)	(1,277,727)	(1,581,656)
Non-deductible expenditure	5,830	3,699
Unrecognised tax losses	1,055,987	1,272,779
Income tax credit	(215,910)	(305,178)
Income tax credit comprised of		
Research and Development cash out of tax losses	(215,910)	(305,178)
Income tax credit	(215,910)	(305,178)

The Company claims Research and Development cash out of tax losses. This results 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 is sold). The Company has considered these requirements and none of these events have occurred. The total amount of cash received to date is $1,305,830 (2021: $1,089,920). The Group has $219,756 receivable in relation to cash out of tax losses at 31 March 2022.

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 $293,596 (2021: $206,971).

The Company has New Zealand tax losses of $12,654,381 (2021: $9,641,709), available for use against future taxable profits, subject to the New Zealand Tax Legislation requirements being met.

The subsidiary incorporated in the United States has federal tax losses of USD $1,986,041 in 2022 and 2021 and Arizona State tax losses of USD $2,003,220 in 2022 and 2021, 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.

11 INCOME AND DEFERRED TAX (continued)

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

	2022			2021		
	Opening balance at 1 April	Charged to profit or loss	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)	-	-	3,056	3,056
Borrowings	(33,208)	4,214	(28,994)	-	(33,208)	(33,208)
Intangible assets	(131,491)	38,186	(93,305)	(169,677)	38,186	(131,491)
Share based payments	143,427	(39,634)	103,793	163,123	(19,696)	143,427
Employee entitlements	18,216	290	18,506	6,554	11,662	18,216
Total deferred tax balances	-	-	-	-	-	-

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.

	2022	2021
	$	$
Cash and cash equivalents	900,588	3,303,958
Total cash and cash equivalents	**900,588**	**3,303,958**

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 no ECL provision is required.

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).

	2022	2021
	$	$
Trade receivables	16,263	6,314
GST receivable	20,888	25,579
Government grant receivable (RDTI)	180,244	180,244
Other receivables	3,652	1,378
Total trade and other receivables	**221,047**	**213,515**

14 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 for 12 months or less, or the underlying asset is of low value.
Right-of-use assets and lease liabilities are initially measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate. Subsequently:

- the carrying amount of the right-of-use asset is depreciated over its expected useful life. For the Group’s office
- the carrying value of the liability is adjusted to reflect interest and lease payments made. Lease liabilities may be re-measured when there is a change in future lease payments arising from a change in an index or market rate, or if there is a change in the Group's estimate of the amount expected to be payable.

The Group assesses at lease commencement whether it expects to exercise renewal options included in contracts. Where it is reasonably certain that renewal options will be exercised, the extension period is included in the right-of-use asset and lease liability calculation.

14 LEASES (continued)

US Office Lease

The Group leased an office space in Phoenix, Arizona for its US operations. The lease was entered into in August 2019 with a total initial lease term of three years. Lease payments had fixed rental increases of 3% per annum and there were no variable lease payments. The office was then subleased to a third party in October 2020 – see more details below. The lease was terminated early (with no penalty) in May 2021.

Right of use asset	**2022**	**2021**
	$	**$**
Balance at 1 April	-	91,912
Depreciation charge for the year	-	(32,806)
Derecognition of the right-of-use asset	-	(59,106)
Balance at 31 March	**-**	**-**

Lease liability

The Group recognised a lease liability for the US office lease and the following table sets out the carrying amount and the relevant movements.

	2022	**2021**
	$	**$**
Balance at 1 April	16,575	91,912
Accretion of interest	278	5,295
Lease payments	(16,889)	(69,798)
Translation differences	36	(10,834)
Balance at 31 March	**-**	**16,575**

The following is a maturity analysis for the lease liability:	**2022**	**2021**
	$	**$**
Total minimum lease payments payable		
Not later than one year	-	16,852
Effects of discounting	-	(277)
Present value of minimum lease payments payable	-	**16,575**

US Office Sublease

The Group subleased the office space to a third party between October 2020 to May 2021. The Group classified this lease as a finance lease given the sublease was for the majority of the remaining lease term of the head lease.

Net investment in the sublease	**2022**	**2021**
	$	**$**
Balance at 1 April	5,659	-
Additions	-	21,558
Accretion of interest	71	784
Sublease payments	(5,742)	(16,194)
Translation differences	12	(489)
Balance at 31 March	**-**	**5,659**

14 LEASES (continued)

The following is a maturity analysis for the sublease payments receivable:	2022	2021
	$	$
Total minimum sublease payments receivable		
Not later than one year	-	5,730
Effects of discounting	-	(71)
Present value of minimum sublease payments receivable	-	**5,659**

The difference between the right-of-use asset measured for the head lease on transition to NZ IFRS on 1 April 2020 and the net investment in the lease on initial recognition was taken to profit or loss ($18,521).

NZ Office Shared Working Space

The Group has a month-to-month shared office space agreement for its Wellington operations. The Group have concluded that the contract does not contain a lease; rental payments due to the landlord for the shared office space are recognised as an expense as they fall due.

The total shared office rental expense recognised in office expenses is $134,924 (2021: $108,748)

The following is a summary of total expenses recognised in relation to leases:

	2022	2021
	$	$
Depreciation expense of right-of-use assets	-	(32,806)
Interest expense on lease liabilities	(278)	(5,295)
Interest revenue on net investment in sublease	71	784
Total amount recognised in profit or loss	(207)	(37,317)

15 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.

	2022	2021
	$	$
Cost		
Balance at 1 April	70,827	67,844
Additions	11,705	27,909
Disposals	(10,309)	(22,196)
Translation difference	3	(2,730)
Balance at 31 March	**72,226**	**70,827**

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation and impairment losses		
Balance at 1 April	37,543	20,017
Depreciation for the year	17,823	28,893
Disposals	(8,144)	(10,863)
Translation difference	(3)	(504)
Balance at 31 March	**47,219**	**37,543**
Carrying amount	**25,007**	**33,284**

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 (2021: nil).

16 INTANGIBLE ASSETS

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 costs are required to be apportioned between being directly attributable to an asset or not (for example salaries) the Group has determined that 80% of costs are directly attributable. 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.

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

16 INTANGIBLE ASSETS (continued)

Critical accounting estimates

The Group considers the estimated useful life of the capitalised development costs for the Black Pearl Mail platform to be a critical accounting estimate. The useful life of the development costs is 10 years. Management considered industry practice, the nature of the asset and previous experience in determining the useful life. The useful life of 10 years 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. If the Group used a 6 year useful life the asset's value at 31 March 2022 would be nil (2021: nil). If an 8 year useful life was used the asset value would be $75,168 (2021: 236,655). The useful life is reassessed each reporting period.

	Website $	Capitalised Dev Costs $	Total $
Cost			
Balance at 1 April 2021	36,030	1,292,784	1,328,814
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**
Cost			
Balance at 1 April 2020	36,030	1,292,784	1,328,814
Balance at 31 March 2021	36,030	1,292,784	**1,328,814**
Amortisation and impairment losses			
Balance at 1 April 2020	7,206	715,619	722,825
Amortisation for the year	7,206	129,174	136,380
Balance at 31 March 2021	14,412	844,793	859,205
Carrying amount at 31 March 2021	**21,618**	**447,991**	**469,609**

The intangible asset relates to the Group's internally generated software. The intangible asset carrying value is reassessed as at each balance sheet date for impairment. No impairment is identified at year end (2021: nil).

The Group considers that current costs being incurred in relation to the intangible asset are maintenance in nature and there are no costs that are able to be separately identified to be capitalised to the asset.

Total research and development costs incurred during the year of $771,108 have been expensed through profit or loss (2021: $1,089,920).

17 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.

	2022	2021
	$	$
Trade payables	64,954	72,343
Accrued expenses	177,929	81,564
Other payables	-	1,105
Total trade and other payables	**242,883**	**155,012**

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

18 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.

	2022	2021
	$	$
Accrued wages and salaries	66,092	48,229
Annual leave entitlements	85,844	65,050
Total employee entitlements	**151,936**	**113,279**

19 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.

	2022	2021
	$	$
Current portion		
Credit card balances	21,467	22,977
Below market-term loans from the government	6,421	-
Total current portion	**27,888**	**22,977**
Non-current portion		
Below market-term loans from the government	339,974	318,453
Total non-current portion	339,974	318,453
Total loans and borrowings	**367,862**	**341,430**

Below market-term loans from the government

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. 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 - see Note 6.

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:

At 31 March	2022	2021
	$	$
Principal amount	429,800	429,800
Interest payable accrued	20,146	7,252
Unamortised fair value write-down	(103,551)	(118,599)
Total carrying value of below market-term loans from the government	**346,395**	**318,453**

19 LOANS AND BORROWINGS (continued)

Critical accounting estimates

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:

	2022	2021
	$	$
Carrying value of below market-term loans from the government using the 8.44% discount rate	346,395	318,453
Carrying value of below market-term loans from the government using a 7% discount rate	369,502	344,592
Difference to carrying amount	23,107	26,139
Carrying value of below market-term loans from the government using a 10% discount rate	323,302	292,657
Difference to carrying amount	(23,093)	(25,796)

20 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
Net investment in lease	Amortised cost
Trade and other payables	Amortised cost
Lease liabilities	Amortised cost
Loans and borrowings	Amortised cost

The carrying value of the Group's financial instruments do not materially differ from their fair value.
There were no transfers between classes of financial instruments during the year (2021: no transfers).

CAPITAL MANAGEMENT

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

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 26 - Going Concern which outlines details of the Group's going concern assumption and the financial year 2023 plan that Directors believe will enable the Group to continue operations.

20 FINANCIAL INSTRUMENTS, CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments are foreign exchange currency risk, liquidity risk and credit risks which arise in the normal course of the Group's business. The Group uses different methods to measure and manage different types of risks to which it is exposed.

The following presents both qualitative and quantitative information on the Group's exposure to each of the above risks, along with policies and processes for managing risks.

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

Black Pearl Mail subscriptions are mainly denominated and priced using the United States Dollar (USD) which is different to the Group's presentation currency which uses NZD and the parents functional currency, which is NZD. 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 branch operational costs.

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;
- Cash and cash equivalents being cash amounts held in USD in its foreign operations; and
- Lease liability and net investment in sublease denominated 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:

	2022			2021		
At 31 March	**Balance (USD)***	**+10% (NZD)**	**-10% (NZD)**	**Balance (USD)***	**+10% (NZD)**	**-10% (NZD)**
Cash and cash equivalents	56,773	(7,400)	8,139	46,635	(6,073)	6,680
Trade and other receivables	12,529	(1,633)	1,796	4,128	(538)	591
Net investment in sublease	-	-	-	3,951	(514)	566
Lease liability	-	-	-	11,571	(1,507)	1,658
Increase/(decrease) in pre-tax loss		**(9,033)**	**9,935**		**(8,632)**	**9,495**

**Balances translated to USD at 0.6975 (2021: 0.6981).*

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.

20 FINANCIAL INSTRUMENTS, CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

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 2022, the Group held cash and cash equivalents of $900,588 (2021: $3,303,958) 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 (2021: $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 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**

At 31 March 2021	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	155,012	-	-	-	-	155,012	155,012
Lease liabilities	16,575	-	-	-	-	16,575	16,575
Loans and borrowings	22,977	2,597	186,497	325,174	-	537,245	341,430
Contractual cash flows	**194,564**	**2,597**	**186,497**	**325,174**	**-**	**708,832**	**513,017**

20 FINANCIAL INSTRUMENTS, CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

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	**2022**	**2021**
	$	**$**
Cash and cash equivalents	900,588	3,303,958
Trade and other receivables	19,915	7,692
Net investment on lease	-	5,659
Total financial assets subject to credit risk	**920,503**	**3,317,309**

Most of the Group's cash and cash equivalents comprises of $819,193 cash held with the Bank of New Zealand ('BNZ') with a credit rating of A+ from Fitch (2021: BNZ, $3,238,673, A+) and BMO Harris Bank ('BMO') of $77,317 with a credit rating of AA- from Fitch (2021: BMO, $63,843, AA-). The remaining $4,078 is an on-call balance with PayPal (2021: PayPal, $1,442).

21 SHARE CAPITAL

	2022	2021
	$	$
On issue at beginning of the year	20,597,057	14,249,765
Issue of ordinary shares	1,415,670	6,266,318
Employee share based payments	-	80,974
Total share capital	**22,012,727**	**20,597,057**
Share capital consists of the following classes:		
Ordinary share capital	21,726,331	20,310,661
Capital contribution	286,396	286,396
Total share capital	22,012,727	20,597,057

	2022	2021
Fully paid total shares at the beginning of the year	19,516	16,302
Issue of ordinary shares	779	3,180
Employee share based payments		34
Total share capital	**20,295**	**19,516**
Total value per share	$ 1,085	$ 1,055
Share capital consists of the following classes:		
Ordinary share capital	19,818	19,039
Capital contribution	477	477
Total share capital	20,295	19,516

Capital contribution

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. Repayment of that capital has precedence over any dividends. The total outstanding repayable amount in relation to this arrangement is $286,396 (2021: $286,396).

Significant judgement applied

The Group exercised significant judgement in accounting for the share issue with repayment feature noted above, considering whether the arrangement should be accounted for as equity, a loan, or both. The Group concluded that the most appropriate treatment is that of equity. This is because the Group is able to determine when the capital is repaid and no interest is payable. As such, the nature of the arrangement is akin to a capital contribution and classifying this amount as equity is considered the most appropriate accounting treatment.

22 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.

22 BASIC AND DILUTED EARNINGS PER SHARE (continued)

	2022	2021
	$	$
Total loss attributable to owners	(4,347,399)	(5,343,593)
Weighted average number of ordinary shares for basic EPS	19,730	18,861
Dilution from share based compensation options	19,730	18,861
Weighted average number of ordinary shares adjusted for the effect of dilution	19,730	18,861
Basic loss per share	(220.34)	(283.31)
Diluted loss per share	(220.34)	(283.31)

23 SHARE BASED PAYMENT RESERVE

Accounting policy

The Group operates equity-settled shared based compensation, under which employees provide services in exchange for non-transferrable shares rights. Shared based compensation arrangements include vesting conditions and some without vesting conditions. For share based compensation arrangements with vesting conditions, employees are provided share rights and the fair value is determined at the grant date. Share rights are vested in tranches over the service period. Each tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period.

The vesting condition is the completion of a service period. If an employee does not meet the vesting conditions, or if they forfeit the rights, the amounts are transferred from the reserve into retained earnings. Otherwise, once an employee has met the vesting conditions, 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 two types of shared based compensation arrangements:

- 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.
- One-off share-based compensation without vesting periods
  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 they are issued.

Rights outstanding at 31 March 2022 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 and will rank equally in all respects with the ordinary shares in the Company on issue.

23 SHARE BASED PAYMENT RESERVE (continued)

One-off share-based compensation without vesting periods

In the year ended 31 March 2021 the Company issued 46 shares directly to employees as compensation for past services. These shares had no vesting conditions and were recognised directly in share equity. An expense of $80,974 was recognised in the profit or loss.

Contractual share-based compensation with vesting periods

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

	2022 $	2021 $
Opening balance	1,251,421	909,968
Share rights exercised during the year - transfer to share capital	-	-
Share rights forfeited during the year - transfer to retained earnings	-	-
Progress towards share rights recognised during the period - recognised as personnel expenses	167,827	341,453
Closing balance	1,419,248	1,251,421

The total amount of share rights which have not vested are 210 and associated deferred expense is $352,170. The remaining weighted average of the vesting period for these share rights is 1.33 years (2021: 500 shares, $539,133 expense, 0.92 weighted average vesting years).

The following table illustrates the number of, and movements in, total share rights issued during the year:

	2022 Number of share rights	2021 Number of share rights
Opening balance	1,305	1,850
Granted during the period	185	196
Exercised during the period	-	-
Forfeited during the period	(5)	(741)
Shared held in escrow (exercisable rights)	**1,485**	**1,305**

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 (2021: $1,485 to $1,821). Further details of the fair value determination are below.

Fair value determination

The Company's shares are not publicly traded and it determines 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.

24 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:

	2022	2021
	$	$
NJL Limited		
Contracting Services Provided	270 880	270,567
Teamwork Group Limited		
Contracting Services Provided	-	10,242
Insight Enterprises (NZ) Limited		
Hosting Services Provided	90	121,913

There were no outstanding balances at year end (2021: nil).
Nicholas Lisette is a director and shareholder of NJL Limited and Black Pearl Mail Limited.
Teamwork Limited has common shareholders with Black Pearl Mail Limited.

Timothy Crown is a director of Black Pearl Mail Limited and Insight Enterprise Inc (US), a related party of Insight Enterprises (NZ) Limited.

Compensation of key management personnel of the Group

	2022	2021
	$	$
Salaries and wages	785,337	1,347,595
Share-based payment transactions	124,872	364,200
Termination benefits	-	37,894
Health insurance and other benefits	16,853	35,751
Total compensation provided to key management personnel	**927,062**	**1,785,440**

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).

No amounts arising from transactions with related parties have been written off or forgone during the year (2021: nil). Other than the key management personnel remuneration and the other related party transactions detailed above, there are no balances or commitments outstanding with related parties at 31 March 2022 (2021: nil). In addition to the amounts disclosed in the above table, there is a related party transaction relating to contributed capital in 2013 of $286,396. Refer to note 21 for further details.

25 COMMITMENTS AND CONTINGENCIES

The Group has no commitments or contingencies at year end (2021: nil).

26 GOING CONCERN

These consolidated financial statements have been prepared based on the Group being a going concern, 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.

The Group's financial model is to build robust monthly recurring revenue (MRR) from a geographically and industry diverse customer base. In 2021 the Group invested in creating infrastructure that is designed to grow horizontally - leveraging economies of scale and enabling increased customer volumes at minimal costs or, if desired, manage the existing customer base under a significantly reduced overhead structure. The Group has continued its plan for growth of revenue, increasing its customer base and revenues in 2022.

The Group's gross profit in the year ended 31 March 2022 grew to $215,002 from a loss of $502,405 in 2021. The recurring nature of the Groups revenue combined with reaching gross profitability gives the Group the opportunity to retrench to a net profit position if it did not want to continue its growth strategy.

In the year ended 31 March 2022, the Group had cash outflows of $3,795,492 (2021: $4,768,517) related to operations and the cash balance at year end was $900,588 (2021: $3,303,958). The Group incurred a loss for the year of $4,349,179 (2021: $5,133,654 loss) and has net assets at reporting date of $967,988 (2021: $3,733,670).

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 which may cast significant doubt on the entity's ability to continue as a going concern. 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 and support operating cash flows; or

- Reduce operating expenses if planned revenue growth is delayed or capital not raised.

The 2023 business plan assumes accelerated revenue growth through increased investment in marketing and product lead growth. The plan assumes strong revenue growth in the third and fourth quarters of 2023, driven by the opening of new marketing channels and conversion to customers due to platform investment.

In April 2022 the Group raised additional cash of $3 million via a share issue and the 2023 business plan includes an assumption of the completion of a $3.3m investment for which the legal paperwork has been executed.

The Directors have considered the impact on the 2023 business plan if the Group is not able to raise additional cash via a share issue or revenue growth is lower than expected. In these scenarios the Group can reduce its operating expenditure to conserve cash and enable the Group to continue in operation. 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).

The 2023 business plan has been extended out to August 2023 to project cash flows for a period of twelve months after the approval of these consolidated financial statements.

If the Group is unable to achieve revenue growth and raise capital as required, or alternatively, reduce operating expenses, the Group may not be able to pay its debts as they fall due and continue as a going concern. This may cast doubt on the ability of the Group to continue as a going concern and therefore may result in the Group's inability to realize its assets and settle its liabilities in the normal course of business. These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Group were unable to continue as a going concern.

While acknowledging that uncertainty exists the Directors believe that the projected revenue growth, established capital raising opportunities and ability to reduce expenses mean that the business will have sufficient funding to continue operations. The Group has a dependable source of recurring revenue, which produces gross profit. Additional expenditure is discretionary in the pursuit of additional revenue and if there was insufficient cash to support growth expenditure can be reduced rapidly. The Group has a strong track record of raising capital, including additional capital raised in the 2023 year. As such, the Directors consider that the use of the going concern basis is appropriate.

27 EVENTS AFTER BALANCE DATE

In April 2022, further share capital of 1,650 was issued for cash consideration of $3,004,650.

In August 2022 the Company signed a non binding term sheet for the acquisition of a business that will be complementary to the Group's strategy. The Company is currently completing due diligence regarding the transaction.

There have been no other significant events since balance date.

Black Pearl Mail Consolidated Group

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

28 CONSOLIDATED ENTITY

The consolidated financial statements of the Group include:

Name	Principal activities	Country of Incorporation	Equity Interest 2022	2021
Black Pearl Mail Incorporated	Same as the Black Pearl Mail Limited (the parent) as described in Note 1 - but for the Group's US operations.	United States	100%	100%

29 RECONCILIATION OF OPERATING CASH FLOWS

	2022 $	2021 $
Loss for the year attributable to owners of the parent	(4,347,399)	(5,343,593)
Add/(less) non-cash items included in net loss		
Depreciation and amortisation expense	154,202	198,078
Share-based payment transactions	167,827	341,453
Interest accrued and unpaid on below market-term government loans	27,942	14,741
Fair value difference on government loans	(30,178)	(95,909)
Foreign exchange (gains)/losses	34,796	224,334
Expense arising from de-recognition of right-of-use asset	-	27,672
Other non cash items	(4,824)	46,352
Total non cash items	349,765	756,720
Add/(less) movements in working capital items		
(Increase)/decrease in receivables	89,872	(264,362)
(Increase)/decrease in prepayments	16,325	(19,472)
Increase/(decrease) in payables	81,334	34,154
Increase/(decrease) in employee entitlements	38,657	53,881
Increase/(decrease) in deferred revenue	(24,046)	14,155
Net movement in working capital	202,142	(181,644)
Net cash outflow from operating activities	**(3,795,492)**	**(4,768,517)**

30 IMPACTS OF COVID-19

Management considers that COVID-19 had a minor impact on the business operations and financial performance of the Group for the year ended 31 March 2022.

Management has made this judgement by looking at a range of indicators:

- Customer churn
- Customer size
- New customers

Management continues to assess any impact on the business operations, financial performance and financial position of the Group.

With COVID-19 now prevalent in the community, there is an increased operational impact as people remain home either sick or isolating. At this stage management does not consider there to be any significant risk to the Group. The factors which management considered in forming this judgement are as follows:

- Business operations are always ready to operate with minimal interruption due to horizontal flexibility of skill set within our employee base
- Our product is cloud-based which enables customers to continue to use the service uninterrupted from any device.

31 FIRST TIME ADOPTION OF NZ IFRS

These financial statements, for the year ended 31 March 2022, are the first the Group has prepared in accordance with NZ IFRS. For the periods up to and including the year ended 31 March 2021, the Group prepared its financial statements in accordance with the New Zealand Tax Administration (Financial Statements) Order 2014.

Accordingly, the Group has prepared financial statements that comply with NZ IFRS applicable at 31 March 2022, together with the comparative period data for the year ended 31 March 2021, as described in the accounting policies included in the notes to the financial statements.

The Group's opening statement of financial position was prepared at 1 April 2020, the Group's transition date to NZ IFRS. This note explains the principal adjustments made by the Group in restating its special purpose financial statements, including the statement of financial position as at 1 April 2020 and the financial statements as of, and for, the year ended 31 March 2021.

Estimates

The estimates at 1 April 2020 and at 31 March 2021 are consistent with those made for the same dates in accordance with the Group's special purpose financial statements (after adjustments to reflect any differences in accounting policies) apart from the following items:

- Share based payment transactions
- Fair value write-down of government loans
- Amortisation of intangible assets

Where applicable, the Group have reclassified items from its special purpose financial statements to be consistent with the presentation of its NZ IFRS financial statements. Actual NZ IFRS transition adjustments are presented in a separate column below.

31 FIRST TIME ADOPTION OF NZ IFRS (continued)

Group reconciliation of equity as at 1 April 2020 (date of transition to NZ IFRS)

	Notes	Previous financial statements $	NZ IFRS adjustments $	NZ IFRS at 1 April 2020 $
Assets				
Current assets				
Cash and cash equivalents		1,443,418	-	1,443,418
Trade and other receivables*		266,313	-	38,744
Income tax receivable*		-	-	227,569
Net investment in sublease		-	-	-
Prepayments		34,021	-	34,021
Total current assets		**1,743,752**	**-**	**1,743,752**
Non-current assets				
Property, plant and equipment	B	67,343	(19,516)	47,827
Intangible assets	B, C	1,084,874	(478,885)	605,989
Deferred tax assets		-	-	-
Right-of-use asset	A	-	91,912	91,912
Total non-current assets		**1,152,217**	**(406,490)**	**745,727**
Total assets		**2,895,969**	**(406,490)**	**2,489,479**
Liabilities				
Current liabilities				
Trade and other payables		127,395	-	127,395
Employee entitlements	D	-	59,398	59,398
Lease liabilities	A	-	72,484	72,484
Current loans and borrowings		16,176	-	16,176
Deferred revenue		16,020	-	16,020
Total current liabilities		**159,591**	**131,882**	**291,473**
Non-current liabilities				
Non-current loans and borrowings	K	286,396	(286,396)	-
Lease liabilities	A	-	19,428	19,428
Total non-current liabilities		**286,396**	**(286,396)**	**19,428**
Total liabilities		**445,987**	**(154,514)**	**310,901**
Equity				
Share capital	J	13,649,765	600,000	14,249,765
Retained earnings	G, K	(12,071,357)	(909,797)	(12,981,154)
Share based payment reserve	H	-	909,968	909,968
Foreign currency translation reserve	I	(38,394)	38,394	-
Equity attributable to the owners		**1,540,014**	**638,565**	**2,178,578**

* Certain comparitives have been reclassified to comply with current year presentation

31 FIRST TIME ADOPTION OF NZ IFRS (continued)

Group reconciliation of equity as at 31 March 2021 (date of transition to NZ IFRS)

	Notes	Previous financial statements	NZ IFRS adjustments	NZ IFRS at 31 March 2021
		$	$	$
Assets				
Current assets				
Cash and cash equivalents		3,303,958	-	3,303,958
Trade and other receivables*	L	350,431	180,244	213,515
Income tax receivable*		-	-	317,160
Net investment in sublease	A	-	5,659	5,659
Prepayments		53,493	-	53,493
Right-of-use asset		-	-	-
Total current assets		**3,707,882**	**185,903**	**3,893,785**
Non-current assets				
Property, plant and equipment	B	43,042	(9,758)	33,284
Intangible assets	B, C	1,080,643	(611,034)	469,609
Deferred tax assets		-	-	-
Total non-current assets		**1,123,685**	**(620,792)**	**502,893**
Total assets		**4,831,567**	**(434,889)**	**4,396,678**
Liabilities				
Current liabilities				
Trade and other payables	D, F	206,897	(51,885)	155,012
Employee entitlements	D	-	113,277	113,277
Lease liabilities	A	-	16,575	16,575
Current loans and borrowings	E, F	138,576	(115,599)	22,977
Deferred revenue	F	6,537	30,177	36,714
Total current liabilities		**352,010**	**(7,455)**	**344,555**
Non-current liabilities				
Non-current loans and borrowings	F, K	716,196	(397,743)	318,453
Total non-current liabilities		**716,196**	**(397,743)**	**318,453**
Total liabilities		**1,068,206**	**(405,197)**	**663,009**
Equity				
Share capital	J	19,997,057	600,000	20,597,057
Retained earnings	G	(16,075,019)	(2,249,729)	(18,324,748)
Share based payment reserve	H	-	1,251,421	1,251,421
Foreign currency translation reserve	I	(158,678)	368,617	209,939
Equity attributable to the owners		**3,763,360**	**(29,691)**	**3,733,670**

* Certain comparitives have been reclassified to comply with current year presentation

Black Pearl Mail Consolidated Group

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2022

31 FIRST TIME ADOPTION OF NZ IFRS (continued)

Group reconciliation of total comprehensive income for the year ended 31 March 2021

	Notes	Previous financial statements	NZ IFRS adjustments	NZ IFRS 31 March 2021
		$	$	$
Subscription revenue		211,459	-	211,459
Cost of sales				
Reseller commissions		(13,310)	-	(13,310)
Hosting and server costs*		(694,551)	122,786	(571,765)
Personnel expenses COGS*		-	(128,788)	(128,788)
Gross profit		**(496,403)**	**(6,002)**	**(502,404)**
Other revenue	E, F, L	-	396,727	396,727
Personnel expenses	D, H	(2,799,045)	(246,744)	(3,045,790)
Operating expenses		(1,696,719)	(105,197)	(1,801,915)
Administrative expenses	B, C	(343,163)	(340,315)	(683,475)
Net finance costs	A, F	2,274	(14,188)	(11,913)
Net income tax credit		305,178	-	305,178
Loss for the year attributable to owners		**(5,027,877)**	**(315,718)**	**(5,343,593)**
Other comprehensive income/(loss)	I		209,939	209,939
Total comprehensive loss		**(5,027,877)**	**(105,779)**	**(5,133,654)**

* Certain comparitives have been reclassified to comply with current year presentation

31 FIRST TIME ADOPTION OF NZ IFRS (continued)

Notes to the reconciliation of equity as at 1 April 2020 and 31 March 2021

A. Leases

Under its special purpose financial statements, leases were accounted for by recognising lease payments when they fell due and any sublease payments were offset against lease expenses. The accounting treatment for leases under NZ IFRS is explained in Note 14. At the date of transition to NZ IFRS, the Group applied a transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using an estimated incremental borrowing rate (10%) at the date of the transition to NZ IFRS. The Group measured the corresponding right-of-use asset but this was not recognised because the underlying asset was subleased to a third party. Instead, the net investment in the sublease was recognised by discounting all of the remaining sublease payments receivable. The difference between the right-of-use asset and the net investment in the sublease was recognised through profit or loss.

Financial statement line items	1 April 2020	31 March 2021
Current lease liabilities	72,484	16,575
Non-current lease liabilities	19,428	-
Right-of-use asset	91,912	-
Net investment in sublease	-	5,659
Administrative expenses	-	6,405
Net finance costs	-	4,511

B. Reclassification and remeasurement of capitalised website costs

Under its special purpose financial statements, capitalised website development costs were originally classified under property, plant and equipment. The website should have been capitalised as an intangible asset. The website was depreciated under the diminishing value method using a 50% rate. At the date of transition to NZ IFRS, the Group reclassified the capitalised website development costs as an intangible asset and amortisation was re-calculated using the straight-line method using an estimated useful life of 5 years.

Financial statement line items	1 April 2020	31 March 2021
Property, plant and equipment	(19,516)	(9,758)
Intangible assets	28,824	21,618
Retained earnings	9,308	9,308
Administrative expenses	-	(2,552)

31 FIRST TIME ADOPTION OF NZ IFRS (continued)

Notes to the reconciliation of equity as at 1 April 2020 and 31 March 2021 (continued)

C. Software development costs

Under its special purpose financial statements, software development costs were last capitalised in March 2016. Intangible assets were depreciated under the diminishing value method using a 50% rate. The Group recalculated amortisation using the straight-line method using an estimated useful life of 10 years.

D. Employee entitlements

Under its special purpose financial statements, the Group did not record holiday pay entitlements and certain amounts for accrued wages in line with the applicable standard. To correctly comply with the previous standards and NZ IFRS accrual accounting requirements the Group accrued for these liabilities at the amount owed to employees as part of the transition. This has been applied retrospectively. Salaries and wages which were accrued were originally classified under Trade and other payables and these have been reclassified to employee entitlements.

Financial statement line items	1 April 2020	31 March 2021
Employee entitlements	59,398	113,278
Retained earnings	(59,398)	(59,398)
Personnel expenses	-	(7,059)
Trade and other payables	-	(46,821)

E. Forgivable loan from government

Under its special purpose financial statements, the Group recorded a short-term loan, being the Payment Protection Program loan from the US government. This was a forgivable loan issued under specific conditions which ensured that US employees continued to be employed and paid during the Covid-19 pandemic. The accounting treatment for forgivable loans from government under NZ IFRS is explained in Note 6. The loan has been derecognised and recorded as revenue for the year ended 31 March 2021.

Financial statement line items	1 April 2020	31 March 2021
Current loans and borrowings	-	(115,599)
Other revenue	-	115,599

F. Below market-term loans from government

Under its special purpose financial statements, the Group recorded loans as two loans from the NZ government at their face value. These loans were received on below market terms and the accounting for these loans under NZ IFRS is explained in Note 6 and 19. These loans were issued during the 31 March 2021 financial year and the Group measured the fair value of these loans by discounting the future cash flows using an estimated prevailing market interest rate. The difference between the face value and the fair value of the loans was recognised as a government grant, in Other revenue.

Financial statement line items	1 April 2020	31 March 2021
Non-current loans and borrowings	-	(111,347)
Other revenue	-	95,909
Deferred revenue	-	30,178
Net finance costs	-	(9,676)
Trade and other payables	-	(5,065)

31 FIRST TIME ADOPTION OF NZ IFRS (continued)

Notes to the reconciliation of equity as at 1 April 2020 and 31 March 2021 (continued)

G. Retained earnings

The adjustment to retained earnings is the cumulative adjustments as a result of the NZ IFRS adjustments required on transition.

H. Employee share-based payments

Under its special purpose financial statements, employee share-based compensation was not recorded. The accounting treatment for share-based payments under NZ IFRS is discussed in the accounting policies in Note 23. At the date of transition to NZ IFRS, the Group recognised additional employee expenses for shares granted before and still vesting at 1 April 2020, and have recognised a separate component of equity by creating the share based payment reserve.

I. Foreign-currency translation reserve

Adjustments to the foreign currency translation reserve are for cumulative adjustments as a result of changes as part of the transition to NZ IFRS. The Group applied a transitional provision in line with NZ IFRS 1, with cumulative translation differences deemed to be zero at the date of the NZ IFRS transition as all items in the Statement of Financial Position at 1 April 2020 was translated using the spot rate.

J. Share capital

Under its special purpose financial statements, certain capital contributions from a shareholder was classified within retained earnings. These amounts of $600k related to intangible assets transferred to the Group in return for additional shares. At the date of transition to NZ IFRS, the Group reclassified this amount to share capital to align with the nature of the transaction.

K. Share issue with repayment feature

Under its special purpose financial statements, the pre-dividend loan (see note 21) was treated as a liability. On transition to NZ IFRS this was determined to be equity and a separate class of share equity was created to reflect this arrangement as a capital

L. Research and Development Tax Credit (RDTI)

Under its special purpose financial statements an accrual was not made for RDTI amounts receivable. On transition to NZ IFRS a receivable was recognised for the amount that was highly probable to be received in the year.

New Old Stamp Business

Carve out Financial Statements
For the year ended 31 March 2022

New Old Stamp Business

For the year ended 31 March 2022

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New Old Stamp Business

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022	2021
		$	$
Subscription revenue	6	916,089	599,949
Cost of sales		(106,926)	(89,044)
Gross profit		**809,163**	**510,905**
Consulting expenses		(685,234)	(538,086)
Operating expenses	7	(133,431)	(99,988)
Administrative expenses	7	(16,566)	(36,958)
Loss before income tax		**(26,068)**	**(164,127)**
Net income tax credit		-	-
Loss for the year attributable to owners of the business		**(26,068)**	**(164,127)**
Other comprehensive income (not subsequently reclassified through profit or loss)			
Exchange differences on translation to presentation currency		(264)	35,963
Total comprehensive loss for the year		**(26,332)**	**(128,164)**

The accompanying notes form part of these financial statements.

New Old Stamp Business

Statement of Financial Position

As at 31 March 2022

	Notes	At 31 March 2022 $	At 31 March 2021 $
Assets			
Current assets			
Cash and cash equivalents	8	255,562	180,572
Prepayments		3,786	2,182
Total current assets		**259,348**	**182,754**
Non-current assets			
Total non-current assets		-	-
Total assets		**259,348**	**182,754**
Liabilities			
Current liabilities			
Loans payable	9	215,054	214,869
Deferred revenue	6	413,372	310,631
Total current liabilities		**628,426**	**525,500**
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		**628,426**	**525,500**
Equity			
Retained earnings		(404,777)	(378,709)
Foreign currency translation reserve		35,699	35,963
Equity attributable to the owners		**(369,078)**	**(342,746)**
Total liabilities and equity		**259,348**	**182,754**

The accompanying notes form part of these financial statements.

New Old Stamp Business

Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Retained earnings	Foreign currency translation reserve	Total
		$	$	$
Balance at 31 March 2021		(378,709)	35,963	(342,746)
Loss for the year		(26,068)	-	(26,068)
Exchange differences on translation of operations		-	(264)	(264)
Total comprehensive loss		(26,068)	(264)	(26,332)
Balance at 31 March 2022		(404,777)	35,699	(369,078)
Balance at 31 March 2020		(214,582)	-	(214,582)
Loss for the year		(164,127)	-	(164,127)
Exchange differences on translation of operations		-	35,963	35,963
Total comprehensive loss		(164,127)	35,963	(128,164)
Balance at 31 March 2021		(378,709)	35,963	(342,746)

The accompanying notes form part of these consolidated financial statements.

New Old Stamp Business

Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022	2021
		$	$
Cash flows from operating activities			
Receipts from customers		958,178	796,558
Cash paid to suppliers and contractors		(883,247)	(719,574)
Net cash generated by operating activities		**74,931**	**76,984**
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		**74,931**	**76,984**
Opening cash and cash equivalents at beginning of the year		180,572	121,645
Effect of exchange rate fluctuations on cash held		59	(18,057)
Cash and cash equivalents at year end	**8**	255,562	180,572

The accompanying notes form part of these financial statements.

New Old Stamp Business

Notes to the financial statements

For the year ended 31 March 2022

1 REPORTING ENTITY

New Old Stamp Business ('the Business') is a segment of New Old Stamp Inc (a United States entity). New Old Stamp Inc includes the business segment of New Old Stamp and the revenue and expenses of My Signature. The information presented is for the New Old Stamp Business and represents the revenue, expenses, assets and liabilities of the New Old Stamp segment ('the carve out financial statements'). New Old Stamp Business provides email signature and management services.

New Old Stamp Inc is domiciled in the United States and is a for profit Company. The carve out financial statements for New Old Stamp Business have been prepared as described below.

2 BASIS OF PREPARATION

The carve out financial statements of the New Old Stamp Business have been prepared to include the revenue, expenses, assets and liabilities of the New Old Stamp segment and exclude the revenue, expenses, assets and liabilities of My Signature segments. The financial statements are prepared as special purpose financial statements for the purpose of management's assessment of the performance of the segment. The financial statements are prepared as outlined in the policies below.

Statement of compliance

The financial statements have been prepared as special purpose financial statements for the purposes of management's assessment of the performance of the segment. The financial statements have been prepared applying the principles of the double-entry method of recording financial transactions and accrual accounting. Items are recorded at historical cost except where outlined below.

These financial statements have been prepared on a going concern basis, which assumes that the Business will be able to realise its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. This relies on the continuing ability of the business to generate cash from products or receive further funding from shareholders.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentational currency

The financial statements are presented in New Zealand dollars, which is the Business's presentational currency and rounded to the nearest dollar. The Business's functional currency is the United States dollar.

3 Basis of preparation prior to carve out date

Prior to the carve out date, separate financial statements were not prepared for New Old Stamp and My Signature segments of the business. Therefore, the results of the New Old Stamp Business for all periods presented to 31 March 2022 have been carved out from the historical accounting records. Details of the method of preparing the carve out financial statements are as follows:

Revenue

New Old Stamp revenue is separately identifiable via the billing system. These amounts were readily identifiable and minimal judgement was required.

3 Basis of preparation prior to carve out date

Expenses

Administration and IT expenses were individually identified for each period and allocated to each business segment. There are minimal general administrative overheads and minimal judgement was applied.

Contractor expenses are the most material expense. Some contractors provide services for both New Old Stamp Business and My Signature. Contractors were allocated between the business segments based on the work performed in each period. Judgement was applied to the allocation of contractor expenses and this was based on the historical estimates of time spent on each business segment.

Cash

Cash was allocated to the Business based on its revenue and expenses. Minimal judgements were applied.

Deferred Revenue

Deferred revenue was allocated based on identifiable revenue receipts. These amounts were readily identifiable and minimal judgement was required.

Loans payable

Loans payable were individually identified for the Business. Minimal judgement was applied.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these 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.

Intangible assets

The Business develops software. The internal costs related to this development have not been recognised as an intangible asset on the basis the costs are not identifiable and at the time of development there was not adequate expectation of future economic benefits being generated. As such, no intangible asset has been recognised for internally developed software.

Deferred tax balances

The Business is currently generating tax losses and does not have an expectation of utilising these tax losses in the near future. As such, no deferred tax asset has been recognised.

5 ACCOUNTING POLICIES

Value added tax

All amounts are shown exclusive of value added tax and other indirect taxes except for trade receivables and trade payables that are stated inclusive of value added tax.

Foreign currency translations

Transactions and balances
Foreign currency transactions are initially translated to the Businesses 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.

The results and financial position of the Business are translated into the 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);
- All translation differences are recognised through other comprehensive income and are recorded through the Foreign currency translation reserve.

New Old Stamp Business

Notes to the financial statements (continued)

For the years ended 31 March 2022

6 SUBSCRIPTION REVENUE

Accounting policy

Subscription revenue is mainly comprised of recurring monthly, quarterly and annual fees from subscribers to the Businesses cloud-based software. Subscriptions are made directly through New Old Stamp's website.

Subscription revenue is recognised on a straight-line basis across the term of the subscription. Customers are invoiced at the start of each subscription period. The majority of customers are on an annual subscription and revenue is deferred upon payment and recognised on a straight line basis over the term of the subscription.

Resellers earn commission for their services which is amortised over the term of the contract except for contracts that are less than 12 months where commission is expesnsed immediately.

Significant judgements applied

Recognition of revenue over term of contract

The agreed subscription price with the customer is the transaction price. The performance obligations for subscriptions to the cloud-based software 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.

In the following table, revenue from contracts with customers

Reconciliation to total subscription revenue	2022		2021	
	$		$	
Total Direct Sales	916,089	100%	599,949	100%
Total subscription revenue	**916,089**	**100%**	**599,949**	**100%**

The Buisness has no significant financing components in any of its contracts with customers.

Deferred revenue at 31 March 2022 was $413,372 (2021: $310,631).

7 OPERATING COSTS AND ADMINISTRATIVE EXPENSES

OPERATING COSTS	**2022**	**2021**
	$	**$**
Advertising and marketing	2,625	2,647
IT service costs	130,806	97,341
Total operating costs	**133,431**	**99,988**

ADMINISTRATIVE EXPENSES	**2022**	**2021**
	$	**$**
Bank fees	8,053	6,619
Legal and professional fees	8,513	30,339
Total administrative expenses	**16,566**	**36,958**

8 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.

	2022	2021
	$	$
Cash and cash equivalents	255,562	180,572
Total cash and cash equivalents	**255,562**	**180,572**

9 LOAN PAYABLE

Accounting policy

Borrowings on normal commercial terms are initially recognised at fair value, which is the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are subsequently measured at amortised cost and classified as current liabilities unless the Business has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

The Business has a loan payable to 500 Startups Istanbul and 500 Startups V of USD$150,000 (NZD:$215,054; 2021: NZD $214,869) . The loan is interest free and convertible to shares at the holders request. No adjustment has been made to the initial fair value of the loan on the basis that this is a current loan and the face value approximates fair value.

10 COMMITMENTS AND CONTINGENCIES

The Business has no commitments or contingencies at year end (2021: nil).

11 EVENTS AFTER BALANCE DATE

The Business has no events after balance date (2021:nil).

12 RELATED PARTIES

Compensation of key management personnel of the Business	2022	2021
	$	$
Contractor fees	76,888	62,453
Termination benefits		
Health insurance and other benefits		
Total compensation provided to key management personnel	**76,888**	**62,453**

There are no other related party transactions to report in the year.

Deloitte.
Private

Financial Statements

Black Pearl Mail Consolidated
For the year ended 31 March 2021

Prepared by Deloitte Private

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Compilation Report

Black Pearl Mail Consolidated
For the year ended 31 March 2021

Compilation Report to the Directors of Black Pearl Mail Consolidated

Scope

On the basis of information you provided, we have compiled financial statements in accordance with Service Engagement Standard 2: Compilation of Financial Information, for Black Pearl Mail Consolidated for the year ended 31 March 2021 as set out on the following pages.

Black Pearl Consolidated comprises of the activity in Black Pearl Mail Limited (NZ) and Black Pearl Mail Inc. (USA).

Except as described below, these financial statements have been prepared in accordance with the requirements of the Tax Administration Act 1994 including the accounting policies described in the Notes to the Financial Statements.

These financial statements are intended for the purposes of meeting the company's management requirements and should not be relied upon for any other purpose. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis described in the Notes to the Financial Statements are appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer

As detailed above, we have compiled the financial statements based on information provided to us which has not been subject to an audit or review engagement. Accordingly, neither we nor any of our employees accept responsibility for the reliability, accuracy or completeness of the material from which the financial statements have been prepared, nor accordingly, the accuracy of the financial statements. We do not accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

Deloitte Limited

Deloitte Limited
(as Trustee for the Deloitte Trading Trust)

Dated: 9 September 2021

Financial Statements Approval

Black Pearl Mail Consolidated
For the year ended 31 March 2021

On this date the Directors approve and issue the financial statements of Black Pearl Mail Consolidated for year ended 31 March 2021.

APPROVED

For and on behalf of the Board of Directors

____

Nick Lissette

Date 9th September, 2021

Statement of Profit or Loss

Black Pearl Mail Consolidated
For the year ended 31 March 2021

	NOTES	2021	2020
Income			
Sales Income		211,459	222,270
Interest Received		4,921	267
Total Income		**216,380**	**222,537**
Cost of Sales			
Hosting and Server Costs		694,551	437,972
Partner Commissions		13,310	12,625
Sales Commissions		10,754	884
Sales Discounts		110	9
Total Cost of Sales		**718,725**	**451,490**
Gross Profit		**(502,345)**	**(228,953)**
Expenses			
Accounting Fees		41,115	58,565
Advertising and Marketing		270,798	176,737
Bank Fees		6,724	7,756
Conferences		-	7,297
Consulting		1,235,985	1,575,677
Depreciation and Amortisation		42,882	41,540
US Employee Benefits		109,684	47,959
Entertainment		4,062	8,771
Foreign Currency Losses		14,335	5,739
Governance Costs		3,709	4,228
Insurance		25,732	21,671
Interest and Finance Charges		2,647	7,313
IT Service Costs		186,227	118,503
Legal Fees		10,552	22,275
Loss on Disposal of Fixed Assets		3,428	1,106
Merchant Banking Fees		9,312	6,675
Office Expenses		10,134	45,822
Recruitment Costs		5,865	-
Rent		163,427	125,105
Salaries and Wages Paid to Employees		2,688,039	2,151,159
Travel		5,484	165,825
Total Expenses		**4,840,141**	**4,599,723**
Net Profit (Loss) before Taxation		**(5,342,486)**	**(4,828,676)**
Taxation and Adjustments			
NZ Income Tax Expense		(305,178)	(213,925)

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	2021	2020
US Income Tax Expense		-	2,712
Total Taxation and Adjustments		**(305,178)**	**(211,213)**
Net Profit (Loss) for the Year		**(5,037,308)**	**(4,617,463)**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Changes in Equity

Black Pearl Mail Consolidated
For the year ended 31 March 2021

	2021	2020
Equity		
Opening Balance	2,449,982	1,454,861
Increases		
Capital Introduced	6,347,292	5,643,260
Unrealised FX Gains/(Loss)	3,394	(30,676)
Total Increases	**6,350,686**	**5,612,584**
Decreases		
Loss for the period	5,037,308	4,617,463
Total Decreases	**5,037,308**	**4,617,463**
Total Equity	**3,763,360**	**2,449,982**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Balance Sheet

Black Pearl Mail Consolidated
As at 31 March 2021

	NOTES	31 MAR 2021	31 MAR 2020
Assets			
Current Assets			
Cash and bank		3,303,957	1,443,418
Trade and other receivables		59,808	35,951
Income tax receivable		318,538	227,643
GST receivable		25,579	28,344
Vendor Deposits		-	8,395
Total Current Assets		**3,707,882**	**1,743,751**
Non-Current Assets			
Property, plant and equipment		43,042	67,343
Intangibles		1,080,643	1,084,874
Total Non-Current Assets		**1,123,685**	**1,152,217**
Total Assets		**4,831,567**	**2,895,968**
Liabilities			
Current Liabilities			
Accruals		134,555	91,654
Credit Cards		22,977	16,176
Trade and other payables		72,343	35,740
Deferred Revenue		6,537	16,020
Short Term Loan		115,599	-
Total Current Liabilities		**352,011**	**159,590**
Non-Current Liabilities			
Loans		716,196	286,396
Total Non-Current Liabilities		**716,196**	**286,396**
Total Liabilities		**1,068,207**	**445,986**
Net Assets		**3,763,360**	**2,449,982**
Equity			
Share capital		19,997,057	13,649,765
Retained earnings		(16,550,571)	(11,516,657)
Other		316,874	316,874
Total Equity		**3,763,360**	**2,449,982**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Notes to the Financial Statements

Black Pearl Mail Consolidated
For the year ended 31 March 2021

1. Reporting Entity

These financial statements comprise the consolidated financial statements of Black Pearl Mail Limited and Black Pearl Mail Inc. for the year ended 31 March 2021.

These financial statements have been prepared for internal management use.

2. Statement of Accounting Policies

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the Tax Administration Act 1994 unless otherwise stated.

The financial statements have been prepared applying the principles of the double-entry method of recording financial transactions and accrual accounting. Items are recorded using tax values where those values are consistent with accrual accounting and double-entry principles. Items may also be recorded at historical cost where tax values are not consistent with accrual accounting or double-entry principles, or in the company's opinion historical cost provides a better basis of valuation. Items may also be recorded at market values where in the company's opinion this provides a better valuation basis than tax or historical cost.

Historical Cost

These financial statements have been prepared on a historical cost basis.

Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest NZ dollar, except when otherwise indicated. US dollar has been translated using IRD rolling monthly average for Profit and Loss and Closing Balance Sheet rate at 31 March 2021. P&L translation rate 0.6693. Balance Sheet translation rate 0.6981.

Changes in Accounting Policies

There have been no changes in accounting policies.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Research and Development

Research costs are expensed as incurred as per IAS 38. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate; the technical feasibility of completing so it will be available for use or sale; the intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; availability of resources to complete the asset; and the ability to reliably measure expenditure during development.

Depreciation

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposals of fixed assets are taken into account in determining the operating result for the year.

Account	Method	Rate
Computer Equipment	Diminishing Value (100%)	50%
Website	Diminishing Value (100%)	50%

Related Party Transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Parent or Group.

Transactions between Parent and subsidiaries:

2021: Black Pearl Mail Limited paid Black Pearl Mail Inc a service charge for work completed on their behalf of $374,548.95 USD ($559,612.96 NZD).

2021: Black Pearl Mail Inc paid Black Pearl Mail Limited a service charge for infrastructure and interest on inter entity advance account of $94,155.38 USD ($140,677.40 NZD).

There is an inter entity advance of $2,973,528.67 NZD ($1,928,486.48 USD) which has been eliminated for the consolidated accounts purposes. This is an amount owing to Black Pearl Mail Limited from Black Pearl Mail Inc.

Income Tax

Income tax is accounted for using the taxes payable method and is detailed under each relevant entity.

	2021	2020
3. Income Tax Account		
US Provisional Tax Paid	(8,136)	(8,870)
NZ Tax Cash Out Claim	(305,178)	(214,853)
NZ Outstanding Prior Period Balance	(3,846)	(3,846)
NZ Resident Withholding Tax Paid	(1,378)	(74)
Total Income Tax Account	**(318,538)**	**(227,643)**

4. Contingent Liability - R&D Loss Tax Credit

Black Pearl Mail Limited is liable to repay R&D Loss Tax Credits received should one or more of the following events occur:

1. The entity disposes of the R&D assets
2. The entity ceases to be a NZ resident or is no longer a company
3. A liquidator is appointed
4. More than 90% of the entity is sold

The repayment could be up to the cumulative R&D Loss Tax Credits received to date $1,098,479 NZD (2020: $793,301 NZD). These amounts are subject to assessment by the Inland Revenue Department.

5. IRD Research and Development Loss Cash-out and Tax Incentive Scheme

The Inland Revenue Research and Development Loss Cash-out is included in Black Pearl Mail Limited's Financial Statements.

The Research and Development Tax Incentive claim for 2020 has been submitted and current status is Recommendation for Approval from Callaghan Innovation. The claim is now submitted to IRD for final approval, therefore not included in these Financial Statements. Total credit claim amount is $141,292 NZD.

Special Purpose Financial Statements
Parent Company Unconsolidated

Black Pearl Mail Limited
For the year ended 31 March 2021

Prepared by Deloitte Private

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Black Pearl Mail Limited

Qualified Opinion

We have audited the special purpose consolidated financial statements of Black Pearl Mail Limited (the Company) on pages 6 to 13, which comprise the consolidated balance sheet as at 31 March 2021 and the consolidated income statement for the year then ended, and notes to the special purpose consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters outlined in our *Basis for Qualified Opinion* paragraph, the accompanying special purpose financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities 2018 as issued by Chartered Accountants Australia New Zealand.

Basis for Qualified Opinion

Opening Balances
We were appointed auditor for the year ended 31 March 2021. Because the financial statements for the year ended 31 March 2020 were not audited, we were unable to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of the opening balances and prior year comparatives.

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 Special Purpose Consolidated Financial Statements* section of our report. We are independent of the Company 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Mail Limited.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 2 to the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared to meet the company's income tax requirements and internal use. As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Company's Shareholders, as a body and should not be distributed to parties other than the Company and its Shareholders. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of $3,767,830 during the year ended 31 March 2021, and The entity is reliant on continuing support of the shareholders to assist the company to meet its obligations as they fall due. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other Than the Special Purpose Consolidated Financial Statements and Auditor's Report

The Directors are responsible for the other information. Our opinion on the special purpose financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the special purpose financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

Directors' Responsibilities for the Special Purpose Consolidated Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the special purpose consolidated financial statements in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities 2018 as issued by Chartered Accountants Australia New Zealand and for such internal control as the Directors determine is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the special purpose 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 decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for the audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Use

This report is made solely to the Company's Shareholders, as a body. Our audit has been undertaken so that we might state to the Company's Shareholders those matters 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.

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
9 September 2021

Directory

Black Pearl Mail Limited
For the year ended 31 March 2021

Registered Office

Level 14, 22 Willeston Street

Wellington Central

Wellington, 6011

Company Number

4064918

Incorporation Date

25 October 2012

New Zealand Business Number

9429030470200

IRD Number

110130406

Directors

Nicholas Lissette

Timothy Crown

Chartered Accountant

Deloitte Limited
(as Trustee for the Deloitte Trading Trust)

Bankers

Bank of New Zealand

Financial Statements Approval

Black Pearl Mail Limited
For the year ended 31 March 2021

On this date the Directors approve and issue the financial statements of Black Pearl Mail Limited for year ended 31 March 2021.

APPROVED

For and on behalf of the Board of Directors

____

Nicholas Lissette

Date 9th September, 2021

Statement of Profit or Loss

Black Pearl Mail Limited
For the year ended 31 March 2021

	NOTES	2021	2020
Income			
Sales Income		203,470	220,840
Interest Received		121,220	48,275
Other Income		571	831
Total Income		**325,262**	**269,946**
Cost of Sales			
Hosting and Server Costs		694,551	437,973
Partner Commissions		9,964	12,052
Sales Commissions		8,399	884
On Call Costs		9,431	-
Total Cost of Sales		**722,346**	**450,909**
Gross Profit		**(397,084)**	**(180,963)**
Expenses			
Accounting Fees		18,209	41,104
Advertising and Marketing		228,119	93,563
Bank Fees		2,020	1,754
Conferences		-	2,677
Consulting		1,153,659	1,469,203
Depreciation and Amortisation		33,445	34,847
Entertainment		13,027	8,771
Foreign Currency Losses		14,335	6,571
Governance Costs		3,709	4,228
Insurance		19,188	18,641
Interest Expense		5,065	6,348
IT Service Costs		161,341	94,469
Legal Fees		10,552	5,650
Loss on Disposal of Fixed Assets		-	1,106
Merchant Banking Fees		7,351	6,465
Office Expenses		8,960	12,402
Rent		108,748	63,138
Salaries and Wages Paid to Employees		1,463,776	656,976
Service Charge		418,936	225,625
Travel		5,484	101,871
Total Expenses		**3,675,924**	**2,855,409**
Net Profit (Loss) before Taxation		**(4,073,007)**	**(3,036,372)**
Taxation and Adjustments			
Income Tax Expense			
Income Tax Expense		(305,178)	(214,853)

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	2021	2020
Prior Period R&D Tax Loss Cash Out Adjustment		-	928
Total Income Tax Expense		**(305,178)**	**(213,925)**
Total Taxation and Adjustments		**(305,178)**	**(213,925)**
Net Profit (Loss) for the Year		(3,767,830)	(2,822,447)

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Changes in Equity

Black Pearl Mail Limited
For the year ended 31 March 2021

	2021	2020
Equity		
Opening Balance	4,253,555	1,432,741
Increases		
Share Capital	6,347,292	5,643,260
Total Increases	**6,347,292**	**5,643,260**
Decreases		
Loss for the Period	3,767,830	2,822,447
Total Decreases	**3,767,830**	**2,822,447**
Total Equity	**6,833,017**	**4,253,555**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Balance Sheet

Black Pearl Mail Limited
As at 31 March 2021

	NOTES	31 MAR 2021	31 MAR 2020
Assets			
Current Assets			
Cash and bank		3,240,114	1,322,985
Trade and other receivables		52,733	16,799
Income tax receivable	3	310,402	218,774
GST receivable		25,579	28,344
Total Current Assets		**3,628,828**	**1,586,902**
Non-Current Assets			
Black Pearl Mail, Inc		2,973,529	1,980,364
Intangibles		1,080,643	1,084,874
Property, plant and equipment	4	36,890	40,182
Total Non-Current Assets		**4,091,062**	**3,105,420**
Total Assets		**7,719,890**	**4,692,322**
Liabilities			
Current Liabilities			
Accruals		133,449	91,654
Trade and other payables		7,714	28,521
Deferred Revenue		6,537	16,020
Credit Cards		22,977	16,176
Total Current Liabilities		**170,677**	**152,371**
Non-Current Liabilities			
Loans		716,196	286,396
Total Non-Current Liabilities		**716,196**	**286,396**
Total Liabilities		**886,873**	**438,767**
Net Assets		**6,833,017**	**4,253,555**
Equity			
Share capital		19,997,057	13,649,765
Retained earnings		(13,480,913)	(9,713,084)
Other		316,874	316,874
Total Equity		**6,833,017**	**4,253,555**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Notes to the Financial Statements

Black Pearl Mail Limited
For the year ended 31 March 2021

1. Reporting Entity

Black Pearl Mail Limited is a company incorporated in New Zealand, and registered under the Companies Act 1993.

These financial statements have not been prepared for external use. They are intended for management information and tax purposes only and should not be relied upon for any other purpose.

2. Statement of Accounting Policies

Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Financial Reporting Framework for For-Profit Entities (SPFR for FPEs) published by Chartered Accountants of Australia and New Zealand (CAANZ).

The financial statements have been prepared for the purpose of meeting the company's income tax requirements and internal use.

The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate based on the continuing support of the shareholders to assist the company to meet its obligations as they fall due.

Historical Cost

These financial statements have been prepared on a historical cost basis.

Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest NZ dollar, except when otherwise indicated.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on bases consistent with those in previous years.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Foreign Currency

Transactions denominated in foreign currencies are converted at the exchange rate current at the transaction date. Foreign currency receivables and payables are converted at exchange rates current at balance date. Foreign exchange gains or losses are included as income or expenses respectively in the Profit and Loss Statement.

Depreciation

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposals of fixed assets are taken into account in determining the operating result for the year.

Account	Method	Rate
Website	Diminishing Value	50%
Computer Equipment	Diminishing Value	50%

Intangible Assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a systematic basis over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset is reviewed at each financial year-end. Changes in the expected useful life are accounted for by changing the amortisation period for the current and future reporting years.

	Method	Rate	Cost	Accumulated Amortisation	Net Book Value at 31 March 2021
Software Development	Diminishing Value	0% - 50%	1,292,784	212,141	1,080,643

Research and Development

Research costs are expensed as incurred as per IAS 38. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate; the technical feasibility of completing so it will be available for use or sale; the intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; availability of resources to complete the asset; and the ability to reliably measure expenditure during development.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

	2021	2020

3. Income Tax Expense

	2021	2020
Net Profit (Loss) before Taxation	(4,073,007)	(3,036,372)
Additions to Taxable Profit		
Bank Revaluations	1,050	(291)
Non Deductible Entertainment Adjustment	6,430	4,691
Non Deductible Legal Fees	5,330	-
Tax Loss Cash Out	1,089,920	767,331
Unrealised Currency Gains	403	(540)
Total Additions to Taxable Profit	**1,103,133**	**771,190**
Deductions from Taxable Profit		
Losses Brought Forward	6,658,622	4,393,441
Total Deductions from Taxable Profit	**6,658,622**	**4,393,441**
Taxable Profit (Loss)	(9,628,496)	(6,658,622)
Tax Payable at 28%	-	-
Deductions from Tax Payable		
Resident Withholding Tax Paid	1,378	75
Prior Period Outstanding Balance	3,846	3,846
Tax Loss Cash Out Amount	305,178	214,853
Total Deductions from Tax Payable	**310,402**	**218,774**
Income Tax Payable (Refund Due)	(310,402)	(218,774)

Income Tax losses available to be carried forward total $9,628,495. The losses are subject to Inland Revenue confirmation.

4. Property, Plant and Equipment

	2021	2020
Computer Equipment		
Computer Equipment	54,961	33,279
Less Accumulated Depreciation on Computer Equipment	(27,829)	(12,614)
Total Computer Equipment	**27,132**	**20,665**
Website		
Website	36,030	36,030
Less Accumulated Depreciation on Website	(26,272)	(16,514)
Total Website	**9,758**	**19,516**
Total Property, Plant and Equipment	**36,890**	**40,182**

5. Qualifying Company Regime

Black Pearl Mail Limited is not registered as a Qualifying Company (QC).

6. IRD Research and Development Loss Cash-out and Tax Incentive Scheme

The Inland Revenue Research and Development Loss Cash-out is included in these Financial Statements. The Research and Development Tax Incentive claim is currently being prepared, therefore not included in these Financial Statements.

7. Imputation Credits

At balance date the imputation credits available to shareholders of the company were $1,378 (2020: $75).

8. Related Parties

Black Pearl Mail Limited has a wholly owned US subsidiary - Black Pearl Mail Inc.

During the financial year interest income was received from Black Pearl Mail Inc of $116,299 (2020: $48,008), service charge of $559,613 (2020: $317,582) was paid to Black Pearl Mail Inc, service charge of $140,678 (2020: $91,957) was received from Black Pearl Mail Inc, loan to Black Pearl Mail Inc was $1,295,801 (2020: $2,243,224) and at year end amounts receivable were $2,973,529 (2020: $1,980,364).

Deloitte.
Private

Financial Statements

Black Pearl Mail Consolidated
For the year ended 31 March 2020

Prepared by Deloitte Private

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Compilation Report

Black Pearl Mail Consolidated
For the year ended 31 March 2020

Compilation Report to the Directors of Black Pearl Mail Consolidated

Scope

On the basis of information you provided, we have compiled financial statements in accordance with Service Engagement Standard 2: Compilation of Financial Information, for Black Pearl Mail Consolidated for the year ended 31 March 2020 as set out on the following pages.

Black Pearl Consolidated comprises of the activity in Black Pearl Mail Limited (NZ) and Black Pearl Mail Inc. (USA).

Except as described below, these financial statements have been prepared in accordance with the requirements of the Tax Administration Act 1994 including the accounting policies described in the Notes to the Financial Statements.

These financial statements are intended for the purposes of meeting the company's management requirements and should not be relied upon for any other purpose. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis described in the Notes to the Financial Statements are appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer

As detailed above, we have compiled the financial statements based on information provided to us which has not been subject to an audit or review engagement. Accordingly, neither we nor any of our employees accept responsibility for the reliability, accuracy or completeness of the material from which the financial statements have been prepared, nor accordingly, the accuracy of the financial statements. We do not accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

Deloitte Limited

Deloitte Limited
(as Trustee for the Deloitte Trading Trust)

Dated: 15 September 2020

Financial Statements Approval

Black Pearl Mail Consolidated
For the year ended 31 March 2020

On this date the Directors approve and issue the financial statements of Black Pearl Mail Consolidated for year ended 31 March 2020.

APPROVED

For and on behalf of the Board of Directors

NLissette

Nick Lissette

Date 15th September, 2020

Statement of Profit or Loss

Black Pearl Mail Consolidated
For the year ended 31 March 2020

	NOTES	2020	2019
Income			
Sales Income		222,270	193,994
Interest Received		267	-
Total Income		**222,537**	**193,994**
Cost of Sales			
Customer and Technical Support		-	10,252
Direct IT Service Costs		-	14,699
Hosting and Server Costs		437,972	175,297
Partner Commissions		12,625	12,591
Sales Commissions		884	884
Sales Discounts		9	-
Total Cost of Sales		**451,490**	**213,723**
Gross Profit		**(228,953)**	**(19,729)**
Expenses			
Accounting Fees		58,565	11,967
Advertising and Marketing		176,737	71,571
Bank Fees		7,756	16,988
Cleaning		-	2,465
Conferences		7,297	4,752
Consulting		1,575,677	520,872
Depreciation and Amortisation		41,540	18,405
US Employee Benefits		47,959	-
Entertainment		8,771	7,682
Foreign Currency Losses		5,739	7,710
General Expenses		-	2,710
Governance Costs		4,228	-
Insurance		21,671	16,694
Interest Expense		7,313	-
IT Service Costs		118,503	51,624
Legal Fees		22,275	8,660
Loss on Disposal of Fixed Assets		1,106	-
Light, Power, Heating		-	1,335
Merchant Banking Fees		6,675	2,055
Office Expenses		45,822	24,279
Rent		125,105	95,742
Salaries and Wages Paid to Employees		2,151,159	745,076
Travel		165,825	103,688
Total Expenses		**4,599,723**	**1,714,273**
Net Profit (Loss) before Taxation		**(4,828,676)**	**(1,734,001)**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	NOTES	2020	2019
Taxation and Adjustments			
NZ Income Tax Expense		(213,925)	(103,281)
US Income Tax Expense		2,712	-
Total Taxation and Adjustments		**(211,213)**	**(103,281)**
Net Profit (Loss) for the Year		**(4,617,463)**	**(1,630,721)**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Changes in Equity

Black Pearl Mail Consolidated
For the year ended 31 March 2020

	2020	2019
Equity		
Opening Balance	1,454,861	916,846
Increases		
Capital Introduced	5,643,260	2,171,856
Unrealised FX Gains/(Loss)	(30,676)	(3,120)
Total Increases	**5,612,584**	**2,168,736**
Decreases		
Loss for the period	4,617,463	1,630,721
Total Decreases	**4,617,463**	**1,630,721**
Total Equity	**2,449,982**	**1,454,861**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Balance Sheet

Black Pearl Mail Consolidated
As at 31 March 2020

	NOTES	31 MAR 2020	31 MAR 2019
Assets			
Current Assets			
Cash and bank		1,443,418	834,473
Trade and other receivables		35,951	18,986
Income tax receivable		227,643	107,118
GST receivable		28,344	30,764
Partner Commission Paid in Advance		-	1,509
Vendor Deposits		8,395	-
Total Current Assets		**1,743,751**	**992,849**
Non-Current Assets			
Property, plant and equipment		67,343	40,474
Intangibles		1,084,874	1,093,335
Total Non-Current Assets		**1,152,217**	**1,133,809**
Total Assets		**2,895,968**	**2,126,658**
Liabilities			
Current Liabilities			
Accruals		91,654	33,821
Credit Cards		16,176	24,258
Trade and other payables		35,740	110,492
Deferred Revenue		16,020	21,425
Short Term Loan		-	195,405
Total Current Liabilities		**159,590**	**385,402**
Non-Current Liabilities			
Loans		286,396	286,396
Total Non-Current Liabilities		**286,396**	**286,396**
Total Liabilities		**445,986**	**671,798**
Net Assets		**2,449,982**	**1,454,861**
Equity			
Share capital		13,649,765	8,006,505
Retained earnings		(11,516,657)	(6,868,517)
Other		316,874	316,874
Total Equity		**2,449,982**	**1,454,861**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Notes to the Financial Statements

Black Pearl Mail Consolidated
For the year ended 31 March 2020

1. Reporting Entity

These financial statements comprise the consolidated financial statements of Black Pearl Mail Limited and Black Pearl Mail Inc. for the year ended 31 March 2020.

These financial statements have been prepared for internal management use.

2. Statement of Accounting Policies

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the Tax Administration Act 1994 unless otherwise stated.

The financial statements have been prepared applying the principles of the double-entry method of recording financial transactions and accrual accounting. Items are recorded using tax values where those values are consistent with accrual accounting and double-entry principles. Items may also be recorded at historical cost where tax values are not consistent with accrual accounting or double-entry principles, or in the company's opinion historical cost provides a better basis of valuation. Items may also be recorded at market values where in the company's opinion this provides a better valuation basis than tax or historical cost.

The financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements.

Historical Cost

These financial statements have been prepared on a historical cost basis.

Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest NZ dollar, except when otherwise indicated. US dollar has been translated using IRD rolling monthly average for Profit and Loss and 31 March 2020 Closing for Balance Sheet.

Changes in Accounting Policies

There have been no changes in accounting policies.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Research and Development

Research costs are expensed as incurred as per IAS 38. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate; the technical feasibility of completing so it will be available for use or sale; the intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; availability of resources to complete the asset; and the ability to reliably measure expenditure during development.

Account	Method	Rate
Office Equipment	Diminishing Value (100%)	13% - 40%
Computer Equipment	Diminishing Value (100%)	50%

Related Party Transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Parent or Group.

Transactions between Parent and subsidiaries:

2020: Black Pearl Mail Limited paid Black Pearl Mail Inc a service charge for work completed on their behalf of $205,824.92 USD ($317,582.04 NZD).

2020: Black Pearl Mail Inc paid Black Pearl Mail Limited a service charge for infrastructure and interest on inter entiy advance account of $91,337.12 USD ($139,965.62 NZD).

There is an inter entity advance of $1,980,364.02 NZD ($1,251,228.02 USD) which has been eliminated for the consolidated accounts purposes. This is an amount owing to Black Pearl Mail Limited from Black Pearl Mail Inc.

Income Tax

Income tax is accounted for using the taxes payable method and is detailed under each relevant entity.

	2020	2019
3. Income Tax Account		
US Tax Provision	-	6,718
US Provisional Tax Paid	(8,870)	-
NZ Tax Cash Out Claim	(214,853)	(109,990)
NZ Outstanding Prior Period Balance	(3,846)	(3,846)
NZ Resident Withholding Tax Paid	(75)	-
Total Income Tax Account	**(227,644)**	**(107,118)**

4. IRD Research and Development Loss Cash-out and Tax Incentive Scheme

The Inland Revenue Research and Development Loss Cash-out is included in Black Pearl Mail Limited's Financial Statements. The Research and Development Tax Incentive claim is currently being prepared, therefore not included in these Financial Statements.