

28 June 2023

**Blue Star Capital plc**  
**("Blue Star" or "the Company")**

**Half-Yearly Results**

**Half-yearly Results for the six months ended 31 March 2023**

**Executive Chairman's Statement**

I am pleased to report Blue Star's half-yearly results for the period ended 31 March 2022.

**Highlights**

- The Company's two principal investments, representing approximately 94% of the portfolio's value, continue to make steady progress. No new investments were made during the period.
- The Company incurred a pre-tax loss for the period of £1,165,942, (H1 2022: loss £996,806).
- The cash position of the Company at 31 March 2023 was £155,563, compared with £113,416 as at 31 March 2022. The value of the portfolio of quoted investments held by the Company at 31 March was approximately £147,000.
- The NAV per share as at 31 March 2023 was 0.2p.

**This announcement contains inside information for the purposes of the UK Market Abuse Regulation.**

**The Directors of the Company are responsible for the release of this announcement.**

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**About Blue Star**

Blue Star is an investing company with a focus on new technologies. Blue Star's investments include SatoshiPay Limited, a payments business using blockchain technology; 4 early-stage to mid-level esports companies, including Dynasty Gaming & Media Pte. Ltd., whose B2B white label platform is a full-stack gaming ecosystem; and Sthaler Limited, an identity and payments technology business which enables a consumer to identify themselves and pay using just their finger.

**Forward looking statement disclaimer**

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations,

estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholder holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

## **Chairman's Statement**

The first half of the year has been one of steady progress for the Company's two main investments. As previously stated, it is the Board intention to establish up to date valuations for these two investments during 2023. A formal sales process has been initiated by the Board for its stake in SatoshiPay which is expected to complete by the end of 2023. There is no guarantee this will lead to an acceptable offer or that the Board will accept an offer. Below we provide the following portfolio company highlights, inclusive of updates, for the six-month period ended 31 March 2023 and any subsequent developments.

### *Dynasty Gaming and Media ("Dynasty")*

The Company first invested in Dynasty in October 2019. Over the intervening period, Dynasty has built a leading esports and gaming platform. Having successfully built the platform, Dynasty's business model has, over the last 18 months, evolved from being a pure SaaS provider to that of an operator where it can fully benefit from the technology platforms it has developed. Recent deals have seen it take up ownership rights in the businesses with which its partnering, as described below.

In October 2022, Dynasty announced that it had signed a distribution agreement with Indosat Ooredoo Hutchison ("IOH"), Southeast Asia's second largest telecommunications company, with almost 100 million subscribers in Indonesia. This agreement sees Dynasty deliver Web3 Play to Earn ("P2E") games, developed by Pioneer Media Holdings Inc, to IOH which will actively promote to their extensive subscriber base. The first P2E title, which has been localised for the Indonesian gaming market will be launched imminently. Additional titles are planned to be released during the second half of 2023.

Dynasty also announced that it has entered into a 50/50 joint venture in Australia with Lets Play Live ("LPL") in May 2023. The board understands that LPL is the region's leading esports tournament organiser and content creator with over 400,000 existing customers and long-term partnerships with the world's leading games publishers. The JV launched in Australia in May 2023 and is understood to be the most significant gaming platform and community in Australia.

Dynasty is also building close relationships with two of the Company's other portfolio businesses, Googly Media Holdings ("Googly") and Paidia Gaming ("Paidia"). Googly had a soft beta launch in May 2023 which proved highly successful. India is a particularly exciting market, being arguably the fastest growing gaming market and already the largest mobile gaming market with 500m gamers forecast to grow to 800m gamers within the next 5 years. Dynasty's partnerships with Googly and Paidia sees it sharing 50% of all revenue generated. Paidia is a female focused business and brand based in North America and is performing strongly.

To date, the Company has invested approximately £968,000 in Dynasty. Based on Dynasty's valuation of US\$50 million in the last equity fundraising round, the Company's holding in Dynasty is valued at approximately US\$6.5 million (approximately £5.4million).

### *Googly and Paidia*

The Company owns 0.6% of Googly which on the basis of the most recent external valuation was worth approximately £59,000. The Company also invested in 2022 and this is currently valued at cost of approximately £59,800.

### SatoshiPay

The Company first invested in SatoshiPay in January 2017. SatoshiPay's mission is to connect the world through instant payments. To achieve this ambition, SatoshiPay has focused on building the Pendulum Network Project ("Pendulum") which was established in June 2021.

Pendulum, a smart-blockchain infrastructure technology company, aims to decentralize forex and traditional finance, by providing the missing link between fiat currency and De-Fi ecosystems through a sophisticated smart contract network.

In the period under review, Pendulum has achieved a number of key operational milestones. In December 2022 Pendulum completed its crowdloan as a precursor to it becoming a Polkadot Parachain. Pendulum's crowd loan was the fastest parachain crowdloan in the history of the Polkadot ecosystem, demonstrating the strong support and enthusiasm for Pendulum's integration into the Polkadot ecosystem.

Pendulum parachain went live on Polkadot mainnet in February 2023 and the corresponding utility token called PEN was listed on MEXC in March 2023 under the name PENDULUM ([https://www.mexc.com/de-DE/exchange/PENDULUM\\_USDT](https://www.mexc.com/de-DE/exchange/PENDULUM_USDT)).

Finally, earlier this month Pendulum released "Spacewalk", its blockchain bridge connecting the Stellar and Polkadot networks. Pendulum described Spacewalk as a trust-minimized bridge that supports the smooth and seamless transfer of stable assets between the two ecosystems, allows closer collaboration in the De-Fi sector and drives synergies between traditional fintech services and the De-Fi sector.

Pendulum is committed to advancing foreign exchange ("Forex") trading into the blockchain space to integrate a tranche of the \$6.6 trillion traded daily in Forex markets. It is hoped that the Spacewalk bridge will serve as critical infrastructure to bring initial stablecoin liquidity required for Forex trading to Pendulum and, in turn, to all of Polkadot and Stellar. The [nabla.fi](https://nabla.fi) team (formerly known as OxAmber.com) are about to launch their novel-design decentralized exchange with oracle-guided pricing and single-sided liquidity provision for maximum capital efficiency and attractive FX rates on chain.

As of 31 March 2023, Blue Star has invested approximately £1.9m in SatoshiPay which represents a shareholding of 27.9% of SatoshiPay's issued share capital, worth £4.3m, based on the last external fund raise in 2019. It is the Board's view that the valuation of SatoshiPay may have increased significantly since the last fund raise and it has therefore appointed a specialist firm to carry out a sales process to ascertain the market value of the business. There is no guarantee that this will lead to an acceptable offer and no obligation on the Board or SatoshiPay to accept any offer but the Board believes this is the only viable way to independently value its stake in SatoshiPay.

### Sthaler

The Company invested in Sthaler in June 2015. Sthaler is an Identity authentication business FinGo delivers a reliable, fast, and secure method of identifying an individual at a point of sale or service to not only personalize and enrich the experience, but to tackle fraud and financial exclusion. Individuals are anonymous by default; the ethos of the business is to protect the fundamental human right to privacy. FinGo uses near infra-red (NIR) light to illuminate and reveal the hidden pattern of veins within a person's finger. FinGo encrypts the pattern and then stores it on a server, cloud or blockchain as an instantly usable anonymous "key" linked to a digital wallet (an app). The wallet enables a user to add debit and credit cards or virtually any online account and is approved to authenticate multiple payment types including payment cards and real-time payments (bank account-to-account).

During the period under review, Sthaler has built on its existing partnerships in Australia, Poland, UK and Egypt and secured further partners and customer opportunities in the Netherlands, Israel, Ethiopia, Guatemala. Although Sthaler's technology applies to almost all sectors, the current focus is in the following sectors: general retail, banking, healthcare and gambling.

Blue Star invested £50,000 in Sthaler and as of 31 March 2023 the Company's holding in Sthaler is valued at approximately £398,000, based on Sthaler's last completed fundraise.

#### *Quoted investments*

The Company currently holds 11,951,500 shares in Guild Esports plc and 62,500 shares in East Side Games Group Inc. These investments currently have a combined value of approximately £93,762.

#### Outlook

The Board remains focussed on supporting its current portfolio businesses with the objective of establishing up to date market values in the second half of 2023. The Company's two principal investments continue to achieve significant operational milestones and the Board remains confident that the portfolio retains significant potential.

Tony Fabrizi

Executive Chairman

### **Statement of Comprehensive Income for the six months ended 31 March 2023**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended 31 March</b>		<b>Year ended 30 September</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Revenue	-	-	-
Loss on disposal of investments	(81,491)	-	(338,836)
Fair value movements in financial instruments designated at fair value through profit or loss:			
	(730,155)	(900,037)	(445,223)
	(811,646)	(900,037)	(784,059)
Share based payment	(243,248)	-	-
Administrative expenses	(111,626)	(100,642)	(517,003)
<b>Operating loss</b>	<b>(1,166,520)</b>	<b>(1,000,679)</b>	<b>(1,301,062)</b>
Finance income	578	3,873	54
<b>Loss before and after taxation and total comprehensive income for the period</b>	<b>(1,165,942)</b>	<b>(996,806)</b>	<b>(1,301,008)</b>
<b>Loss per ordinary share:</b>			
Basic and diluted loss per share	(0.02p)	(0.02p)	(0.03p)

The loss for the period was derived from continuing operations and is attributable to equity shareholders.

**Statement of Financial Position  
as at 31 March 2023**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended 31 March</b>		<b>Year ended</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	10,389,061	11,463,552	11,390,278
Convertible loan note	-	158,323	-
	<u>10,389,061</u>	<u>11,621,875</u>	<u>11,390,278</u>
<b>Current assets</b>			
Trade and other receivables	16,700	28,243	8,072
Cash and cash equivalents	155,563	113,416	86,575
	<u>172,263</u>	<u>141,659</u>	<u>94,647</u>
<b>Total assets</b>	<u>10,561,324</u>	<u>11,763,534</u>	<u>11,484,925</u>
<b>Current liabilities</b>			
Trade and other payables	69,511	44,825	70,418
<b>Total liabilities</b>	<u>69,511</u>	<u>44,825</u>	<u>70,418</u>
<b>Net assets</b>	<u>10,491,813</u>	<u>11,718,709</u>	<u>11,414,507</u>
<b>Shareholders' equity</b>			
Share capital	4,892,774	4,892,774	4,892,774
Share premium account	9,575,072	9,575,072	9,575,072
Other reserves	243,248	-	-
Retained earnings	(4,219,281)	(2,749,137)	(3,053,339)
	<u>10,491,813</u>	<u>11,718,709</u>	<u>11,414,507</u>

## Statement of changes in equity

as at 31 March 2023

	<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Six months ended 31 March 2023</b>					
At 1 October 2022	4,892,774	9,575,072	-	(3,053,339)	11,414,507
Loss for the period and total comprehensive income	-	-	-	(1,165,942)	(1,165,942)
Share based payment	-	-	243,248	-	243,248
<b>At 31 March 2023</b>	<b>4,892,774</b>	<b>9,575,072</b>	<b>243,248</b>	<b>(4,219,281)</b>	<b>10,491,813</b>
<b>Six months ended 31 March 2022</b>					
At 1 October 2021	4,892,774	9,575,072	-	(1,752,331)	12,715,515
Loss for the period and total comprehensive income	-	-	-	(998,806)	(998,806)
<b>At 31 March 2022</b>	<b>4,892,774</b>	<b>9,575,072</b>	<b>-</b>	<b>(2,749,137)</b>	<b>11,718,709</b>
<b>Year ended 30 September 2022</b>					
At 1 October 2021	4,892,774	9,575,072	-	(1,752,331)	12,715,515
Loss for the year and total comprehensive income	-	-	-	(1,301,008)	(1,301,008)
<b>At 30 September 2022</b>	<b>4,892,774</b>	<b>9,575,072</b>	<b>-</b>	<b>(3,053,339)</b>	<b>11,414,507</b>

**Statement of cash flows**  
**for the six months ended 31 March 2023**

	<b>Unaudited</b>		<b>Audited</b>
	<b>Six months ended</b>		<b>Year ended</b>
	<b>31 March</b>		<b>30 September</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Operating activities</b>			
Loss for the period	(1,165,942)	(996,806)	(1,301,008)
<i>Adjustments for:</i>			
Finance income	(578)	(3,873)	(54)
Fair value losses	730,155	900,037	445,278
Impairment of convertible loan note	-	-	150,846
Loss on disposal of investments	81,491	-	338,836
Share based payment	243,248	-	-
<i>Working capital adjustments</i>			
(Increase)/Decrease in trade and other receivables	(8,628)	107,258	127,429
Decrease in trade and other payables	(907)	(189,317)	(163,725)
<b>Net cash used in operating activities</b>	<u>(121,161)</u>	<u>(182,701)</u>	<u>(402,398)</u>
<b>Investing activities</b>			
Proceeds from sale of investments	189,571	-	192,867
Interest received	578	11	-
<b>Net cash generated from investing activities</b>	<u>190,149</u>	<u>11</u>	<u>192,867</u>
<b>Net cash generated by financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	68,988	(182,690)	(209,531)
Cash and cash equivalents at beginning of the period	<u>86,575</u>	<u>296,106</u>	<u>296,106</u>
<b>Cash and cash equivalents at end of the period</b>	<u>155,563</u>	<u>113,416</u>	<u>86,575</u>



## Notes to the Interim Financial Statements for the six months ended 31 March 2023

### 1. Basis of preparation

The principal accounting policies used for preparing the Interim Accounts are those the Company expects to apply in its financial statements for the year ending 30 September 2023 and are unchanged from those disclosed in the Company's Report and Financial Statements for the year ending 30 September 2022.

The financial information for the six months ended 31 March 2023 and for the six months ended 31 March 2022 have neither been audited nor reviewed by the Company's auditors.

### 2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Fair value of financial instruments:*

The Company holds investments that have been designated at fair value through profit or loss on initial recognition. The Company determines the fair value of these financial instruments that are not quoted, using valuation techniques, contained in the IPEVC guidelines. These techniques are significantly affected by certain key assumptions. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

### 3. Share based payment

All services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to other reserves in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

#### **4. Loss per ordinary share**

The calculation of a basic loss per share is based on the loss for the period attributable to equity holders of the Company and on the weighted average number of shares in issue during the period.