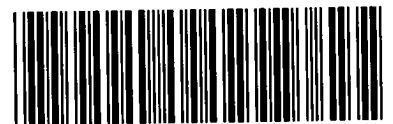


Blue Star Capital Plc

Annual Report and Financial Statements

for the year ended 30 September 2020

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Blue Star Capital Plc

Annual report and financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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Directors and Advisors

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Directors

Derek Lew
(Non-executive Chairman)

Anthony Fabrizi
(Chief Executive Officer)

Sean King
(Non-executive Director)

Registered Office

Griffin House
135 High Street
Crawley RH10 1DQ

Company Number

05174441

Nominated Adviser And Broker

Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
London EC2V 6AX

Auditor

Adler Shine LLP
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London N3 1LF

Solicitors

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU





Chairman's Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Company has enjoyed an excellent year with strong performance from its esports portfolio and encouraging progress from its tech payment businesses. The overall portfolio has been successfully diversified with the move into esports and this sector is seen as a major focus moving forward.

Financials

The Company reported a profit for the period of £1,714,155 compared to a loss of £684,964 in the corresponding period. This reflects the net revaluation of the portfolio with the significant gains made in the esports portfolio being the major contributory factor.

Net assets have increased to £9,326,560 at 30 September 2020, from £5,209,377 at 30 September 2019. Blue Star's cash position at 30 September 2020 was £132,167 compared to a balance of £120,808 at 30 September 2019. Post year end, the Company raised £95,000 through the exercise of warrants in November 2020.

Portfolio Review

Esports portfolio

Background on Esports

Esports are electronic sports, usually in the form of competitions, using video or electronic games for multiple professional players and watched at a physical venue or through digital media. The esports market is large and experiencing significant growth. By way of illustration, in 2020 the market was estimated at approximately 495 million viewers and is projected to reach around 646 million viewers by 2023. This is expected to result in revenues growing over the same period from \$950 million to \$1.60 billion.

As esports are now one of the most popular spectator sports, its increasing global following has enabled esports businesses to commercialise their activities through sponsorship, merchandising, licensing, broadcasting and tournaments. Given the growth in the market and the diverse array of commercial opportunities, the Board firmly believes that esports will eventually constitute a significant proportion of the global sports industry.

Esports portfolio and investment approach

In October 2019, the Board was presented with an opportunity to invest in a number of esports businesses and given the early stage nature of these businesses the Board decided it prudent to adopt a portfolio approach. An investment of approximately £900,000 was made, split broadly equally between the six esports companies. At the time it was the intention of each of the six esports businesses to create or acquire esports businesses, such as a competitive esports franchise, a platform on which esports competitors gather to compete, or the creation of esports tournaments. Each investee company was planning to monetize engagement of the growing number of esports participants, fans and sponsors, generating revenue from a variety of sources, including, tournament winnings, digital marketing opportunities, sponsorship, merchandise, platform fees, and promotional tours and events. Each of the companies was targeting a different region globally for financing and launch, but all would attempt to become global players.

Over the last twelve months, the portfolio has enjoyed two major successes and at the year end the valuation of the esports portfolio stood at approximately £3.8 million compared with an accumulated investment to date of approximately £1.7 million. The board remains highly confident in the strong underlying trends in esports and believes there is significant upside to be achieved moving forward from the esports portfolio.

Further details on each of the esports companies Blue Star has invested in are shown below:

Guild Esports plc, is a UK based company with a focus on the European esports market. On 25 June 2020, Guild announced its global launch and association with David Beckham, an investor in Guild. Guild is developing a talent pipeline in the UK, based on the traditional academy model, with the intention that the most able esports players are coached and nurtured by industry leaders in order to attain the skillset required to compete professionally. Guild's intention is for a roster of scouts to continually find and sign the best young talent. Guild listed on the Standard list of the London Stock Exchange in October 2020, raising £20 million.



Chairman's Statement

CONTINUED

Guild has established a management team of esports veterans with experience as professional players, coaches and esports media. Guild Executive Chairman, Carleton Curtis, is well-known in the industry and architect of the Overwatch League and Call Of Duty Leagues. Prior to joining Guild, he held senior esports roles at Activision Blizzard and Red Bull. His expertise complements David Beckham's position in the world of mainstream sports to create a unique esports proposition.

Guild intends to develop into various esports disciplines over the course of the 2020/2021 season with its first team making its debut in autumn 2020 expecting to compete in the most popular titles including Rocket League, EA Sports FIFA and Fortnite. The company's ambition is to build a culture of excellence around its brand and digital presence.

Blue Star holds 5.95% of the issued share capital of Guild with a cost of £706,000 and a valuation at 30 September 2020 of approximately £1.85 million.

Dynasty Esports PTE is a Singapore-based business initially addressing the Malaysian market. On 24 June 2020 Dynasty announced that it has signed a five year exclusive partnership agreement with Malaysia Esports Federation ("MESF") to provide its esports Portal Management ("EPM") platform to enable effective management and control of the esports ecosystem within Malaysia.

Dynasty's EPM platform is a fully white-labelled, customised and branded for MESF and brings together the main elements of the esports ecosystem being the players, the organisations and the tournaments, under one single integrated digital platform with the intention of providing a shared national and global view of the esports industry.

Under the terms of the partnership agreement, MESF will actively endorse, promote and drive all esports related traffic in Malaysia to the EPM platform. MESF will also regulate and ensure that all domestic esports events, leagues or tournaments in Malaysia will be exclusively hosted on the MESF platform as the single destination site for esports.

The Malaysian gaming and esports ecosystem is considered to be one of the more developed

markets for esports. Malaysia is estimated to have over 20 million gamers who spent an estimated RM 2.9 billion (approximately GBP543 million) on gaming in 2019.

Dynasty will generate income throughout the term of the partnership via a matrix of revenue streams including management fees, advertising, sponsorship, exclusive esports broadcast rights (both nationally and internationally), and other revenue share arrangements with MESF.

During Q3 2020, Dynasty signed three separate SaaS agreements to provide its white-labelled platform to two esports franchises and to the largest telecom carrier in the Middle East to launch a branded Dynasty platform in three of the regions key gaming and esports countries.

Blue Star holds 13.0% of the issued share capital of Dynasty with a cost of £428,000 and a valuation at 30 September 2020 of £1.38 million.

Googly Esports plc is a UK/India based company with a focus on the Indian market. The company is aiming to become the largest and most respected professional esports events/media company in India, playing in the intersection between traditional sports (eg: cricket) and esports. Blue Star holds 11.1% of the issued share capital of Googly with a current valuation at 30 September 2020 equal to cost of £156,000.

The Dibs Esports Corp is a US incorporated business based in Los Angeles. The company will focus on empowering female esports players and has the goal of creating the largest female network of esports in the North American esports market. At 30 September 2020 Blue Star held \$185,000 of loan notes in The Dibbs yielding 5% per annum and convertible into 13.7% of the issued share capital of the Dibbs with a current valuation equal to cost of approximately £156,000.

Diemens Esports PTY Ltd formally The Cubs is an Australian based company. On 3 February 2020 Diemens announced its intention to merge with Critical Hit Entertainment. However, the merger did not proceed and Diemens are now looking at alternative deals. A further update will be made in due course. Blue Star holds 13.3% of the issued share capital of Diemens with a current valuation at 30 September 2020 equal to cost of £139,000.

Chairman's Statement

CONTINUED

The Drops Esports Inc is a Canadian based company. On 12 January 2020 The Drops entered into a letter of intent with Fibresources Corporation to acquire the entire issued share capital of The Drops for common shares in Fibresources. This transaction did not complete and The Drops board are now pursuing an alternative strategy. Blue Star holds 13.6% of the issued share capital of Drops with a current valuation at 30 September 2020 equal to cost of £154,000.

FORMATION Esports SAS is incorporated in France and has been established to launch a dedicated esports platform aimed at providing contact sports clubs with revenue and sponsorship generating opportunities and increased exposure. FORMATION will cover the entire spectrum of contact sports fans and clubs. In addition, FORMATION expects to launch its own academy with physical workshops across France and Europe. Blue Star holds 9.6% of the issued share capital of FORMATION with a current valuation at 30 September 2020 equal to cost of £115,000.

LEAF Mobile Inc

Company description

LEAF is a leading creator of counter-culture mobile games. LEAF owns a number of successful games titles and is focussed on delivering highly engaging games that provide enduring player engagement. Having listed on the TSX Venture Exchange in Canada in April 2020, LEAF announced on 7 October 2020 a letter of intent with East Side Games to acquire all of the outstanding shares of East Side Games Inc. (the "Acquisition") for \$150million at which point its shares were suspended. LEAF announced on 23 December 2020 that it has received the conditional approval of the TSX Venture Exchange with respect to Acquisition as well as the conditional approval of the Toronto Stock Exchange to list its common shares for trading after completion of the Acquisition.

Blue Star's Shareholding in Leaf

In April 2020 Blue Star invested approximately £57,000 into LEAF at a price of CAD0.16 per share, prior to LEAF's listing on the TSX Venture Exchange. LEAF's shares are currently suspended and last traded at a price of CAD0.225, valuing Blue Star's holding in LEAF's at approximately £80,000.

SatoshiPay

Company Description

SatoshiPay is a fintech company supplying payment and money transfer infrastructure based on blockchain technology to digital industries and globally operating SMEs. Having initially focussed on building a micropayment infrastructure and platform the decision was taken just over a year ago to use the same technology and experience to move into B2B cross border payments service for businesses. The reaction to this new product has been positive and the Board are encouraged by recent developments.

SatoshiPay Technology

The SatoshiPay technology is designed to overcome existing issues with online payments. In the field of micropayments, it is addressing issues that have prevented them from achieving mainstream adoption, primarily the high level of transaction costs driven by existing bank infrastructure that makes such levels of payments commercially unfeasible.

The foundation of SatoshiPay's payments platform is built upon blockchain technology. A blockchain is a decentralised database of transactions that exists on multiple computers at the same time. It is a record keeping technology that, in simple terms, is conceptually similar to a spreadsheet that is duplicated thousands of times across a network of computers and that is constantly update.

The advantages of blockchain are that it is, by its inherent set-up, independent, transparent and secure. Its security comes from the fact that its data cannot be altered, it cannot be controlled by any single entity and has no single point of failure that can be exploited by hackers. Encryption technology allows individuals' digital assets to be kept anonymous and protected. Further, removing intermediaries from the process allows transactions on a blockchain to be carried out faster and cheaper than traditional methods.

SatoshiPay's payment platform is based on the Stellar blockchain network, a distributed ledger technology, and uses Stellar lumens (XLM) as the underlying settlement token.

Chairman's Statement

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Potential Applications of SatoshiPay

The directors of SatoshiPay believe that its technology can be employed in a range of sectors. Examples include purchase of digital goods, money transfer and in-app/game closed-loop systems.

B2B Cross Border Payments and SatoshiPay's solution "DTransfer"

On 9 December 2019, SatoshiPay announced its move into the international B2B money transfer space. Using its existing technology platform, SatoshiPay has developed a service allowing companies to instantly transfer funds globally, generating recurring revenues and processing high transaction volumes by facilitating macro-payments. Introduced under the name DTransfer on 22 September 2020, the service aims to solve issues typically connected with cross-border payments, such as delayed transfers, high transaction and forex costs, and lack of transparency, by leveraging the Stellar network and its connected financial services institutions across the globe.

SatoshiPay has seen strong market interest in DTransfer and 11 business clients from around the world have been signed, expecting to transfer over £70 million annually using the service. The company continues to sign new clients for DTransfer and intends to build recurring revenues in 2021.

Micropayments and the SatoshiPay Solution

Existing issues relating to micropayments include financial costs (transaction costs being high in relation to the level of payment) and usability costs (cumbersome, multi-step online payment mechanisms for the end user).

SatoshiPay's micropayment solution is able to overcome these issues by offering a P2P payment method which does not require download, installation or log-in for the end user, and that is transferable across vendor platforms and facilitates instant transactions of very small amounts. This flexible, low-cost solution allows for pricing strategies at a more granular level, and the board of Blue Star believe that it has many potential longer-term applications.

Blue Star's holding in SatoshiPay

Blue Star's shareholding in SatoshiPay was acquired for £1.88 million and represents 27.7% at 30 September 2020. It is valued on the basis of SatoshiPay's last fund raise at £4.87 million.

Sthaler Limited

Company Description

Sthaler is a biometric identity and payments technology business which enables an individual to identify themselves and pay using the unique vein patterns within a finger. The system, recently renamed FinGo ID, uses a biometric called VeinID which instantly recognises an individual through the unique pattern of veins inside each finger.

In the past year, FinGo was piloted successfully by the UK's Open Banking Authority with the Financial Conduct Authority to introduce a new fraud free bank-to-bank account payment scheme. In Manchester, having now been approved as official ID in place of a passport and driving license, the company is working closely with the mayor of Greater Manchester to align FinGo with several key initiatives across the City involving retail, education and transport.

In the last year the company has been building strong interest overseas, most notably in Egypt, with a population of 100 million. In the last six months, the company has made significant progress in gaining the support of the national banking system, Government ministries as well as a leading e-payments platform across the region. Finally, the company is developing new opportunities in the USA and more widely across the Middle East.

Overall, the Board is pleased with progress at Sthaler over the last year and believes the company is very close to securing a major deal which will provide strong foundations for its future growth.

Blue Star's Shareholding in Sthaler

Blue Star's shareholding in Sthaler is approximately 0.8% at 30 September 2020 and is valued on the basis of Sthaler's last completed fund raise at approximately £347,000, compared with a cost of £50,000.



Blue Star Capital Plc

Chairman's Statement

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Outlook

The Board believes the Company's portfolio has developed significantly during the year with the diversification into esports proving a strong strategic move. The Company's historic tech payment investments in SatoshiPay and Sthaler continue to make strong progress and 2021 is expected to be the year of commercialisation for both businesses. Overall, the Directors believe the Company has developed into a more solid business over the past year and the Board views the future outlook with confidence.

Board Changes

After seven years as CEO, Tony Fabrizi will be stepping down from the Board once a new non-executive director has been appointed. The Board are most grateful for Tony's efforts over the period and believe he is leaving the Company in excellent shape. Derek Lew will assume the role of CEO on Tony's departure.

Derek Lew
Chairman

12 January 2021



Chairman's Corporate Governance Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2020

As Chairman of the Board of Directors of Blue Star Capital Plc (the Company), it is my responsibility to ensure that the Company has sound corporate governance and an effective Board and committees. The Company is an AIM listed investment company with a focus on new technologies.

The Company has adopted the principles of the Quoted Companies Alliance Corporate Governance Code (QCA Code) for small and mid-size quoted companies. The QCA Code identifies ten principles that they consider to be appropriate arrangements and asks companies to provide an explanation on how they are meeting the principles. The Board considers that the Company complies with the QCA Code so far as it is practicable having regard to the size, and complexity of the Company and its business.

These disclosures are set out on the basis of the current Company and the Board highlights where it has departed from the Code presently.

The following paragraphs set out the Company's compliance with the 10 principles of the QCA code and the information below was last updated on 8 January 2021.

1. Establish a strategy and business model which promotes long-term value for shareholders

The Company's strategy is to invest in fast growing private companies with the objective of achieving an increase in capital value. Our business model is to attract businesses through our network of contacts and to offer a pro-active and supportive approach to the management of investee companies which fosters confidence and trust. The Board maintains close dialogue with a number of other funds and specialist funding businesses and brokers to help identify suitable investment opportunities.

Investing in early stage companies presents many challenges. The Board considers that the key challenge in executing the Company's plan is identifying early stage opportunities where it is likely that the investee will progress rapidly and the investment will therefore rise in value.

The Board intends to deliver shareholder returns through capital appreciation. Challenges to delivering strategy, long-term goals and capital appreciation are an uncertainty in relation to organisational, operational, financial and strategic risks, all of which are outlined in the 2020 Annual Report and in the Risk Management section below, as well as steps the Board takes to protect the Company by mitigating these risks and secure a long-term future for the Company.

Given the size of the Company and the historic limited cash resources, we believe the strategy and business model we have adopted is consistent with our goal of promoting long term value for shareholders.

2. Seek to understand and meet shareholder needs and expectations

The Company is committed to communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. The principal forms of communication are the Annual Report and Accounts, full and half-year announcements, trading updates, other Regulatory News Service announcements and its website.

The Company also maintains a dialogue with shareholders through Annual General Meetings, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance.

External PR advisors have been appointed but there is only limited broker or analyst coverage at this stage. The Company's website is kept updated and contains details of relevant developments and has a facility for questions to be addressed to the Company and it is the Board's commitment that all reasonable questions are answered promptly.

Anthony Fabrizi is the shareholder liaison and his contact details are on all announcements made by the Company, and also the website.

Chairman's Corporate Governance Statement

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3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company's business is focused on making and appraising investments as a minority shareholder. As such, stakeholder and social responsibilities, in terms of impact on society, the communities within which the Company operates and the environment, apply less than that of an operating company. Therefore, the Company appraises its social responsibilities as part of its investment appraisal process.

The key resource on which the Company relies is the collective experience of the Directors. All employees within the Company are valued members of the team, and the Board seeks to implement provisions to retain and incentivise all its employees. The Company offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation.

In terms of its shareholders, the Company aims to provide transparent and balanced information to encourage support and confidence in the Board's approach.

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, regulators and many other stakeholders and has close ongoing relationships with a broad range of its stakeholders.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and

it oversees and regularly reviews the current risk management and internal control mechanisms.

The Company considers risk management to fall into two broad categories, being the investment activity of the Company and the operations of the Company.

- (a) The investment risk is considered as part of the appraisal processes and by way of due diligence and ongoing monitoring.
- (b) The Company uses internal appraisal and the annual audit to ensure financial risks are evaluated in detail. Board meetings are also used for the directors to raise any issues relating to business risk arising from the Company's business model and operations.

Dealings in the Company's shares are monitored and any dealings must first be approved by the CEO and Chairman.

The Audit Committee consists of Anthony Fabrizi and Derek Lew (Chair). The Committee meets at least twice a year and is responsible for monitoring the quality of internal controls, ensuring the financial performance of the Company is being properly measured and reported on, meeting with the auditors and reviewing reports from the auditors relating to accounting and internal controls.

The risk assessment matrix below sets out and categorises key risks and outlines the mitigating actions which are in place. This matrix is updated as changes arise in the nature of risks or the mitigating actions implemented, and the board reviews these on a regular basis. The Company has identified the principal risks to the Company achieving its objectives as follows:

Risk	Potential Impact	Mitigation
Loss or impairment of investments	The fall in value of investments would have a material adverse effect on our operations and financial performance. The value of investments, in particular those at an early stage of development, can be highly volatile.	This is mitigated by careful management of investments and in particular, only continuing to support those investments which demonstrate potential to achieve a positive exit and decisively determining those which do not. Portfolio and capital management techniques are fully applied according to industry standard practice.



Chairman's Corporate Governance Statement

CONTINUED

Risk	Potential Impact	Mitigation
Ability to raise further funds	Our business model depends on our ability to raise debt and/or equity funding to finance future investments and overheads in the Company. There can be no guarantee that we will be able to raise funds, particularly in the current economic climate.	The careful management of our investments underpin our success to date in raising funds. This includes not only making the initial investment after our appraisal process but continuous ongoing monitoring of the investee companies and reporting positive news.
Ability to identify further suitable investment opportunities	There is no guarantee that investment opportunities will be available, and the Company may incur costs in conducting due diligence into potential investment opportunities that may not result in an investment being made.	The detailed due diligence carried out coupled with the Board's knowledge and expertise give us confidence that we will continue to identify potential investments.

The Board considers that an internal audit function is not considered necessary or practical due to the size of the Company and the day to day control exercised by the Directors. However, the Board will monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board recognises the QCA recommendation for a balance between Executive and Non-Executive Directors and the recommendation that there be at least two Independent Non-Executives. The Board consists of three directors, the Chief Executive Officer, the non-executive Chairman and a non-executive Director. The Board maintains that the Board's compositions will be frequently reviewed as the Company develops.

The Company has in place two committees, the Audit and Remuneration Committees.

The Directors of the Company are committed to sound governance of the business and each devotes sufficient time to ensure this happens. The Board holds at least 6 Board meetings per year and at least two committee meetings. Board meetings cover regular business, investments, finance and operations. The CEO prepares the board agenda and circulates

relevant documents. The Chairman is responsible for ensuring that relevant and accurate information is supplied for all board and committee meetings.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Company believes that the Board as a whole has significant experience in the financial services industry and in investments.

The Board believes they have the requisite mix of skills and experience to successfully execute the business strategy in order to meet the Company's objectives.

Derek Lew, *non-executive chairman*

Appointed on 6 November 2019. Chair of Audit Committee

Derek has advised, started and invested in technology companies for over 20 years. An active member of the technology community in Vancouver, he is President and CEO of venture capital fund manager GrowthWorks Capital Ltd and past-Chair of Innovate BC (formerly the British Columbia Innovation Council), the Crown Agency of the Province of British Columbia mandated to accelerate technology commercialisation. Derek is a Partner with Initio Group, a Vancouver, BC-based early-stage angel investment firm.



Chairman's Corporate Governance Statement

CONTINUED

Derek started his technology career as a lawyer, advising both technology companies and investors in all areas, including life sciences, ITC and e-commerce.

Derek holds a Bachelor of Arts from the University of British Columbia and a Bachelor of Laws from the University of Alberta.

Anthony Fabrizi, CEO

Originally appointed a non-executive director in August 2011, and appointed CEO in July 2012.

Tony Fabrizi qualified as a chartered accountant with KPMG in 1986 and joined James Capel (later HSBC Investment Bank) in 1987. He worked in corporate finance and spent eight years undertaking UK transactions, becoming a director in 1993. During his last three years at HSBC he was responsible for the other financial and fund management activities within corporate broking.

Tony joined RP&C, a US Investment Bank, as a partner in 1998 to help develop its UK business.

In 2002 he established Ghaliston Limited as a corporate finance advisory business. Over the next 4 years, Ghaliston acted as financial adviser to 10 companies quoted on AIM and raised capital for a number of private companies. In May 2006, Ghaliston Limited acquired Merchant Securities Limited, a private client stockbroking business and the enlarged company listed on AIM in November 2006. Tony resigned as CEO of that company in June 2008.

Sean King, non-executive Director

Appointed on 24 January 2019: Chair of Remuneration Committee.

Sean King has over 20 years' experience in publishing and digital content, having set up Square One Group in 1994, which was one of the fastest growing independent content agencies in the UK. In 2007, Square One Group was acquired by rival Seven Publishing (backed by Guardian Media Group and Caledonia Investment Trust) with Sean King acting as CEO for the enlarged group until stepping down in April 2018.

After stepping down as CEO of SevenC3, Sean King now acts as an independent adviser to a

number of brands including Fanfinders (leading player in providing first party data to parenting brands in the UK and US); Octaive (an ad:tech start-up based in London and New York); and Adverai (Swedish-based AI specialist).

Biographical details of the Directors can be found on the Company's website.

The Company's Nominated Adviser ("NOMAD") assists with AIM matters and ensures that all Directors are aware of their responsibilities. The Directors also have access to the Company's lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

Board composition is always a factor for contemplation in relation to succession planning. The Board will seek to take into account any Board imbalances for future nominations, with areas taken into account including board independence and gender balance. The Company considers that at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position however, is reviewed on a regular basis by the Board.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Directors consider that the Company and Board are not yet of a sufficient size and complexity for a full Board evaluation to make commercial and practical sense. The Board acknowledges that it is non-compliant with its processes to evaluate the performance of the Board. As the Company grows, it expects to expand the Board and with the Board expansion, re-consider the need for Board evaluation.

In view of the size of the Board, the responsibility for proposing and considering candidates for appointment to the Board as well as succession planning is retained by the Board. All Directors submit themselves for re-election at the AGM at regular intervals.

Chairman's Corporate Governance Statement

CONTINUED

8. Promote a corporate culture that is based on ethical values and behaviours

The Board believes that by acting ethically and promoting strong core values it will gain a reputation for honesty and that this will attract business and help the long-term objectives of the Company. As such the Board adopts an open approach to all investors, investment opportunities and all its advisors and service providers.

The Board further considers the activities of and persons involved with potential investee companies as part of its due diligence processes.

The Board places great importance on the responsibility of accurate financial statements and auditing standards comply with Auditing Practice Board's (APB's) and Ethical Standards for Auditors. The Board places great importance on accuracy and honesty, and seeks to ensure that this aspect of corporate life flows through all that the Company does.

A large part of the Company's activities is centred upon an open and respectful dialogue with stakeholders. The Directors consider that the Company has an open culture facilitating comprehensive dialogue and feedback. Whilst the Company has a small number of employees, the Board maintains that as the Company grows it intends to maintain and develop strong processes which promote ethical values and behaviours across the Company.

The Board complies with Rule 21 of the AIM Rules for Companies relating to dealings in the Company's securities by the Directors and other Applicable Employees. To this end, the Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM and takes all reasonable steps to ensure compliance by the Board of Directors.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to, and ultimately responsible for, high standards of corporate governance and notes the departure from the Code in terms of independence on the Board. The Board reviews the Company's corporate governance arrangements regularly and expect these to evolve over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

It is the role of the Chairman to manage the Board and advise its conduct.

The CEO is responsible for the day to day management of the Company's activities.

The matters reserved for the Board are:

- (a) Defining the long-term strategy for the Company
- (b) Approving all major investments
- (c) Approving any changes to the Capital and debt structure of the Company
- (d) Approving the full year and half year results and reports
- (e) Approving resolutions to be put to the AGM and any general meetings of the Company.
- (f) Approving changes to the Advisory team.
- (g) Approving changes to the board structure.

The Board delegates authority to the Audit and Remuneration Committees to assist in meeting its business objectives and the Committees meet independently of Board meetings. The membership of each Committee is listed below.



Chairman's Corporate Governance Statement

CONTINUED

Audit Committee

The Audit Committee consists of Anthony Fabrizi and Derek Lew (Chair). The Committee meets at least twice a year and more frequently if required. The Committee is responsible for monitoring the quality of internal controls, ensuring the financial performance of the Company is being properly measured and reported on, meeting with the auditors and reviewing reports from the auditors relating to accounting and internal controls.

Remuneration Committee

The Remuneration Committee consists of Sean King (Chair) and Anthony Fabrizi. The Committee reviews the performance of the Executive Directors, sets the scale and structure of their remuneration and reviews the basis of their service agreements with due regard to the interests of the shareholders. The Remuneration Committee will also make recommendations concerning the allocation of share options to Directors and employees, if appropriate. No Director is permitted to participate in discussions concerning their own remuneration. The remuneration and terms of appointment of Non-Executive Directors are set by the Board as a whole. In exercising this role, the members of the Remuneration Committee regard the recommendations put forward in the QCA Code and, where appropriate, the UK Corporate Governance Code guidelines.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its stakeholders. All shareholders are encouraged to attend the Company's Annual General Meeting and the Board discloses the result of General Meetings by way of announcement. All AGM resolutions in the financial year were passed comfortably.

Accounts are also available to highlight any governance matters which the Board believes should be brought to the attention of shareholders and other relevant stakeholders.

Information on the Investor Relations section of the Company's website is kept updated and contains details of relevant developments, regulatory announcements, financial reports and shareholder circulars. Shareholders with a specific enquiry can contact us on the website contact page.

Derek Lew
Chairman

12 January 2021



Strategic Report

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their strategic report on the Company for the year ended 30 September 2020.

Review of Business and Analysis Using Key Performance Indicators

The full year's profit was £1,714,155 compared to a loss of £684,964 for the year ended 30 September 2019.

Net assets have increased to £9,326,560 at 30 September 2020, changing from £5,209,377 at 30 September 2019.

The cash position at the end of the year increased to £132,167 from £120,828 as at 30 September 2019.

Key Performance Indicators

The Board monitors the activities and performance of the Company on a regular basis. The indicators set out below have been used by the Board to assess performance over the year to 30 September 2020. The main KPIs for the Company are listed as follows:

	2020	2019
Valuation of investments	£9,063,432	£5,101,587
Cash and cash equivalents	£132,167	£120,828
Net current assets	£106,947	£107,790
Profit/(loss) before tax	£1,714,155	(£684,964)

Investing Policy

Assets or Companies in which the Company can invest

The Company can invest in assets or companies in the following sectors:

- Technology;
- Gaming and esports; and
- Media.

The Company's geographical range is mainly UK companies but considers opportunities globally and will actively co-invest in larger deals.

The Company can take positions in investee companies by way of equity, debt or convertible or hybrid securities.

Whether investments will be active or passive investments

The Company's investments are passive in nature but may be actively managed. The Company may be represented on, or observe, the boards of its investee companies.

Holding period for investments

The Company's investments are likely to be illiquid and consequently are to be held for the medium to long term.

Spread of investments and maximum exposure limits, Policy in relation to cross-holdings and Investing Restrictions

The Company does not have any maximum exposure limits, limits on cross-holdings or other investing restrictions. Under normal circumstances, it is the Directors intention not to invest more than 10% of the Company's gross assets in any individual company (calculated at the time of investment). The Company has accumulated a 27.7% stake in SatoshiPay, which the Board believes represents a rare opportunity to generate significant shareholder value. In addition, the Company has accumulated stakes above 10% in some of its esports investments which are early stage and expected to be diluted over time.

Policy in relation to gearing

The Directors may exercise the powers of the Company to borrow money and to give security over its assets. The Company may also be indirectly exposed to the effects of gearing to the extent that investee companies have outstanding borrowings.

Returns and Distribution Policy

It is anticipated that returns from the Company's investment portfolio will arise upon realisation or sale of its investee companies, rather than from dividends received. Whilst it is not possible to determine the timing of exits, the Board will seek to return capital to shareholders when appropriate.

Life of the Company

The Company has an indefinite life dependent on obtaining sufficient funding.

Future Developments

The Company is continuing to develop an investment portfolio with the capacity for substantial growth and increases in value.



Strategic Report

CONTINUED

Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The following paragraphs summarise how the Directors' fulfil their duties:

The Company is quoted on AIM and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions. The Board recognises its responsibility for setting and maintaining a high standard of behaviour and business conduct. There is no special treatment for any group of shareholders and all material information is disseminated through appropriate channels and available to all through the Company's news releases and website.

When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration. The Company's approach is to use its position to promote positive change for the people with whom it interacts.

The Company is committed to being a responsible business. The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. There were no employees in the Company other than the 3 Directors in the current and prior-year and therefore

effectiveness of employee policies is not relevant for the Group.

Principal risks and uncertainties

The Company seeks investments in late stage venture capital and early stage private equity opportunities, which by their very nature allow a diverse portfolio of investments within different sectors and geographic locations.

The Company's primary risk is loss or impairment of investments. This is mitigated by careful management of the investment and in particular, only continuing to support those investments which demonstrate potential to achieve a positive exit and decisively determining those which do not. Portfolio and capital management techniques are fully applied according to industry standard practice.

It will be necessary to raise additional funds in the future by a further issue of new Ordinary shares or by other means. However, the ability to fund future investments and overheads in Blue Star Capital Plc as well as the ability of investments to return suitable profit cannot be guaranteed, particularly in the current economic climate.

The Company may not be able to identify suitable investment opportunities and there is no guarantee that investment opportunities will be available, and the Company may incur costs in conducting due diligence into potential investment opportunities that may not result in an investment being made.

The value of companies similar to those in Blue Star Capital's portfolio and in particular those at an early stage of development, can be highly volatile. The price at which investments are made, and the price which the Company may realise for its investment, will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the sector.

By Order of the Board


Derek Lew
Chairman

12 January 2021





Directors' Report

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors present their report together with the audited financial statements for the year ended 30 September 2020.

Results and dividends

The trading results for the year ended 30 September 2020 and the Company's financial position at that date are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Principal activities and review of the business

The principal activity of the Company is to invest in the technology and the esports and gaming sectors. A review of the business is included within the Chairman's Statement and Strategic Report.

Directors serving during the year

Anthony Fabrizi

Sean King

Derek Lew

Appointed on 6 November 2019

William Henbrey

Resigned on 6 November 2019

On 6 November 2019, Derek Lew was appointed as Chairman of the Company.

Directors' interests

The Directors at the date of these financial statements who served and their interest in the ordinary shares of the Company are as follows:

	2020		2019	
	Number of ordinary Shares	Warrants	Number of ordinary Shares	Warrants
Anthony Fabrizi	62,000,000	65,000,000	62,000,000	90,000,000
Sean King	18,250,000	—	18,250,000	—
Derek Lew	138,750,000	130,000,000	100,000,000	130,000,000





Directors' Report

CONTINUED

Significant shareholders

As at 8 January 2021 so far as the Directors are aware, the parties (other than the interests held by Directors) who are directly or indirectly interested in 3% or more of the nominal value of the Company's share capital is as follows:

	Number of Ordinary Shares	Percentage of issued share capital
Nicolas Slater	516,997,082	11.94%
Paniolo Ventures Limited	208,333,333	5.27%
Mark White	173,277,567	4.00%

Related party transactions

Related party transactions and relationships are disclosed in note 18.

Going concern

The Company has reported a loss for the year excluding fair value gain on the valuation of investments of £342,543. The Company carries out regular fund-raising exercises in order that it can provide the necessary working capital to continue its activities.

The board expects to continue to raise additional funding as and when required to cover the Company's activities, primarily from the issue of further shares. Since the year end, the Company has raised £95,000, before expenses.

Although the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future the successful completion of future fund raisings constitutes a material uncertainty that may cast doubt over the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

The Company's employees carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the

COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity and overall, the Company's investment portfolio has been relatively unaffected by the impact of COVID-19.

Events after the reporting date

On 9 November 2020, 95,000,000 new ordinary shares were issued at a price of 0.1p per share from the exercise of warrants. Anthony Fabrizi exercised 25,000,000 warrants at a price of 0.1p.

Political Donations

There were no political donations during the current or prior year.

Provision of information to Auditor

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Adler Shine LLP have expressed their willingness to continue as auditor and a resolution to re appoint Adler Shine LLP will be proposed at the Annual General Meeting.

On behalf of the board of Directors

Derek Lew
Chairman

12 January 2021



Statement of Directors' Responsibilities

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare financial statements in accordance with IFRS as adopted by the European Union and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock exchange for companies trading securities on the Alternative Investment Market.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Independent Auditors' Report

TO THE MEMBERS OF BLUE STAR CAPITAL PLC

Opinion

We have audited the financial statements of Blue Star Capital Plc for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS's Ethical Standards as applied to listed entities 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.

Material uncertainty relating to going concern

We draw your attention to note 1 to the financial statements, which indicates that the Company is reliant on future fund raisings to continue its activities as budgeted. Should future fund raisings be unsuccessful this will impact on the

Company's plans. As stated in note 1, this condition indicates 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in audit; and directing the efforts of the engagement team. The matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified were:

Valuation of investments

The company is an investment company with a focus on technology and its application within media, gaming and esports. Its value is based on its investments. The company holds both listed and unlisted investments.

How the matter was addressed

We considered the existence of investments as well as the valuations placed on investments at the year end and whether there were any indications of impairment.

Valuation of investments was considered by reviewing evidence provided by the Directors and filed with Companies House, including the price at which the investee companies were able to issue shares in the period.

Key Observations

As a result of our work we agreed with the increase in the value of two of the company's investments, as well as confirming ownership and valuation of its seven investment additions during the year.

Independent Auditors' Report

TO THE MEMBERS OF BLUE STAR CAPITAL PLC

Going Concern

Refer to Note 1 to the financial statements for the directors' disclosures of related accounting policies, judgement and estimates. The directors have concluded they have a reasonable expectation that the company will have sufficient cash resources and cash inflows to continue its activities for not less than twelve months from the date of approval of these financial statements and have therefore prepared these financial statements on a going concern basis.

How the matter was addressed

We addressed this risk by reviewing the cashflow forecasts provided by the directors. Our work included but was not limited to, challenging the assumptions made by the directors, reviewing the level of expenses forecast.

We considered the cash position at the year end, the funds raised post year end and the need for additional funding during the forthcoming year.

Key Observations

As a result, we concluded that the company was reliant on raising additional funds during the forthcoming year. There is no guarantee that these placings will be successful in the current climate, however, the company does have a contingency in place which allows them to sell their investment in Guild Esports plc, subject to the terms of the lock-in agreement, which is valued at £1.8 million as at 30 September 2020. We concluded there was a material uncertainty due the risk of unsuccessful fund raising and have amended our report accordingly.

Our application of materiality

Materiality for the company was £45,000 (2019: £34,000) based on 1% of gross assets (2019: based on 1% of net assets).

An overview of the scope of the audit

We tailored the scope of our audit to ensure we performed enough work to be able to give an opinion on the financial statements as a whole and paying particular attention on key audit matters identified above.

The scope of our audit was influenced by our application of materiality which was calculated based on our professional judgement. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- The information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



Independent Auditors' Report

TO THE MEMBERS OF BLUE STAR CAPITAL PLC

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of Directors' responsibilities set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 (UK) will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Chrysaphiades FCA

(Senior Statutory Auditor)

For and on behalf of Adler Shine LLP,
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London N3 1LF

12 January 2021

Adler Shine LLP is a limited liability partnership registered in England and Wales (with registered number OC301724).



Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Revenue		—	—
Fair valuation movements in financial instruments designated at fair value through profit or loss	11	2,056,698	(399,748)
		2,056,698	(399,748)
Administrative expenses	3	(349,159)	(287,662)
Operating profit/(loss)	4	1,707,539	(687,410)
Finance income	5	6,616	2,446
Profit/(loss) before and after taxation and total comprehensive loss for the year		1,714,155	(684,964)
Profit/(loss) per ordinary share:			
Basic earnings/(loss) per share on profit/(loss) for the year	10	0.05p	(0.03p)
Diluted earnings/(loss) per share on profit/(loss) for the year	10	0.05p	(0.03p)

The notes on pages 26 to 40 form part of these financial statements.

Statement of Financial Position

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Non-current assets			
Financial assets at fair value through profit or loss	11	9,063,432	5,101,587
Convertible loan note	12	156,161	—
Total non-current assets		9,219,613	5,101,587
Current assets			
Trade and other receivables	13	2,668	10,275
Cash and cash equivalents	14	132,167	120,828
Total current assets		134,835	131,103
Total assets		9,354,448	5,232,690
Current liabilities			
Trade and other payables	15	27,888	23,313
Total liabilities		27,888	23,313
Net assets		9,326,560	5,209,377
Shareholders' equity			
Share capital	16	4,133,251	2,142,584
Share premium account		9,074,957	8,852,724
Other reserves		143,210	64,190
Retained earnings		(4,024,857)	(5,850,121)
Total shareholders' equity		9,326,560	5,209,377

The financial statements were approved by the board, authorised for issue on 12 January 2021 and were signed on its behalf by:

Anthony Fabrizio

Anthony Fabrizio
Director

Registered number: 05174441

The notes on pages 26 to 40 form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Year ended 30 September 2019					
At 1 October 2018	1,881,473	8,679,075	64,190	(5,165,157)	5,459,581
Loss for the year and total comprehensive income	—	—	—	(684,964)	(684,964)
Shares issued in year	261,111	188,889	—	—	450,000
Share issue costs	—	(15,240)	—	—	(15,240)
At 30 September 2019	2,142,584	8,852,724	64,190	(5,850,121)	5,209,377
Year ended 30 September 2020					
At 1 October 2019	2,142,584	8,852,724	64,190	(5,850,121)	5,209,377
Profit for the year and total comprehensive income	—	—	—	1,714,155	1,714,155
Shares issued in year	1,990,667	277,833	—	—	2,268,500
Lapse of warrants	—	—	(64,190)	64,190	—
Share issue costs	—	(55,600)	—	—	(55,600)
Exercise of warrants	—	—	(46,920)	46,920	—
Share based payment	—	—	190,130	—	190,130
At 30 September 2020	4,133,251	9,074,957	143,210	(4,024,857)	9,326,560

Share capital

Share capital represents the nominal value on the issue of the Company's equity share capital, comprising £0.001 ordinary shares.

Share premium

Share premium represents the amount subscribed for the Company's equity share capital in excess of nominal value.

Other reserves

Other reserves represent the cumulative cost of share-based payments.

Retained earnings

Retained earnings represent the cumulative net income and losses of the Company recognised through the statement of comprehensive income.

The notes on pages 26 to 40 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Operating activities			
Profit/(loss) for the year		1,714,155	(684,964)
<i>Adjustments:</i>			
Finance income		(6,616)	(2,446)
Fair value (gains)/losses		(2,056,698)	391,808
Foreign exchange		(134,636)	—
Share based payment net charge		190,130	—
<i>Working capital adjustments</i>			
Decrease in trade and other receivables		7,003	265,871
Increase/(decrease) in trade and other payables		4,575	(113,612)
Net cash used in operating activities		(282,087)	(143,343)
Investing activities			
Redemption of convertible loan note		—	(204,451)
Purchase of convertible loan notes		(156,181)	—
Increase in investments		(1,769,909)	—
Interest received		6,616	2,446
Net cash used by from investing activities		(1,919,474)	(202,005)
Financing activities			
Proceeds from issue of equity		2,268,500	450,000
Share issue costs		(55,600)	(15,240)
Net cash generated from financing activities		2,212,900	434,760
Net increase in cash and cash equivalents		11,339	89,412
Cash and cash equivalents at start of the year	14	120,828	31,416
Cash and cash equivalents at end of the year	14	132,167	120,828

The notes on pages 26 to 40 form part of these financial statements.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies

General information

Blue Star Capital Plc (the Company) invests principally in the media, technology and gaming sectors.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Griffin House, 135 High Street, Crawley RH10 1DQ.

The Company is listed on the Alternative Investment Market (AIM) market of the London Stock Exchange plc.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of assets and liabilities held at fair value.

Associates are those entities in which the Company has significant influence, but no control, over the financial and operating policies. Investments that are held as part of the Company's investment portfolio are carried in the statement of financial position at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 Investment in Associates, which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Company has no interests in associates through which it carries on its business.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in the financial statements, are disclosed in note 2.

The Company is an investment entity and, as such, does not consolidate the investment entities it controls. The Company's interests in subsidiaries are recognised at fair value through profit and loss.

Going concern

The Company has reported a loss for the year excluding fair value gain on the valuation of investments of £342,543.

The Company carries out regular fund-raising exercises in order that it can provide the necessary working capital to continue its activities.

The board expects to continue to raise additional funding as and when required to cover the Company's activities, primarily from the issue of further shares. Since the year end, the Company has raised £95,000, before expenses.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Although the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future the successful completion of future fund raisings constitutes a material uncertainty that may cast doubt over the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

New standards, amendments and interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 October 2019:

- IFRS 16, 'Leases';
- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Plan Amendments, Curtailment or Settlement – Amendments to IAS 19;
- Interpretation 23 'Uncertainty over Income Tax Treatments'; and
- Definition of Material – Amendments to IAS 1 and IAS 8.

None of these standards are considered to have a material effect on the Company's financial statements.

New standards, amendments and interpretations not yet adopted

The International Accounting Standards Board (IASB) has issued the following new and revised standard, that is not effective for the financial year ended 30 September 2020 and have not been adopted early.

		Effective date for accounting period beginning on or after
IFRS 3	Amendments to clarify the definition of a business	1 January 2020
IFRS 3	Amendments updating a reference to the conceptual framework	1 January 2022
IFRS 4	Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 7,9, IAS 39	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IFRS4, 7,9, 16, IAS 39	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 9	Amendments resulting from the annual improvements of IFRS standards 2018-200 (fees in the '10 percent' test for derecognition of financial liabilities)	1 January 2022
IFRS 16	Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	1 June 2020
IFRS 17	Amendments to address concerns and implantation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023
IAS 1,8	Amendments regarding the definition of material	1 January 2020

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

		Effective date for accounting period beginning on or after
IAS 1	Amendments regarding the classification of liabilities	1 January 2023
IAS 16	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 41	Amendments resulting from the annual improvements to IFRS standards 2018-20 (taxation in fair value measurements)	1 January 2020

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity or available for sale.

The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets designated at fair value through the profit or loss are those that have been designated by management upon initial recognition. Management designated the financial assets, comprising equity shares and warrants, at fair value through profit or loss upon initial recognition due to these assets being part of the Company's financial assets, which are managed and their performance evaluated on a fair value basis.

Financial assets at fair value through the profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in "Fair valuation movements in financial assets designated at fair value through profit or loss".

Financial assets, comprising equity shares and warrants, are valued in accordance with the International Private Equity and Venture Capital ("IPEVC") guidelines.

- (a) Early stage investments: these are investments in immature companies, including seed, start-up and early stage investments. Such investments are valued at cost less any provision considered necessary, until no longer viewed as an early stage or unless significant transactions involving an independent third party arm's length, values the investment at a materially different value:
- (b) Development stage investments: such investments are in mature companies having a maintainable trend of sustainable revenue and from which an exit, by way of floatation or trade sale, can be reasonably foreseen. An investment of this stage is periodically re-valued by reference to open market value. Valuation will usually be by one of five methods as indicated below:
 - i. At cost for at least one period unless such basis is unsustainable;



Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

- II. On a third-party basis based on the price at which a subsequent significant investment is made involving a new investor;
 - III. On an earnings basis, but not until at least a period since the investment was made, by applying a discounted price/earnings ratio to the profit after tax, either before or after interest; or
 - IV. On a net asset basis, again applying a discount to reflect the illiquidity of the investment.
 - V. In a comparable valuation by reference to similar businesses that have objective data representing their equity value.
- (c) Quoted investments: such investments are valued using the quoted market price, discounted if the shares are subject to any particular restrictions or are significant in relation to the issued share capital of a small quoted company.

At each balance sheet date, a review of impairment in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date and provisions is made accordingly where the impairment in value is recognised.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

The Company classifies its financial liabilities in the category of financial liabilities measured at amortised cost. The Company does not have any financial liabilities at fair value through profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method

Finance income

Finance income relates to interest income arising on cash and cash equivalents held on deposit and interest accrued on loans receivable. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Operating loss

Operating loss is stated after crediting all items of operating income and charging all items of operating expense.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Accounting policies (continued)

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations under onerous leases are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Share-based payments

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 those in relation to:

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.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 11.

Share based payments

The estimates of share-based payments requires that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the options before exercise, and behavioural consideration of employees.

3. Nature of expenses	2020 £	2019 £
Directors remuneration	104,291	68,018
Share based payments	190,130	—
Legal and professional fees	167,833	211,177
Foreign exchange gains	(134,636)	—
Other expenses	21,541	8,467
	349,159	287,662

4. Operating profit/(loss)	2020 £	2019 £
This is stated after charging:		
Auditor's remuneration – statutory audit fees	13,000	15,300
Fair valuation movements in financial instruments	2,056,698	399,748

5. Finance income	2020 £	2019 £
Interest received on short term deposits	52	121
Interest receivable on convertible loan note	6,564	2,325
	6,616	2,446

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. Share based payments

Share warrants

	2020		2019	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at the beginning of the year	0.6	110,000,000	0.6	110,000,000
Lapsed during year	0.6	(110,000,000)	—	—
Issued during year	0.21	1,598,333,333	—	—
Exercised during the year	0.1	(150,000,000)	—	—
Outstanding at the end of the year	0.21	1,448,333,333	0.6	110,000,000

The contracted average remaining life of warrants at year end was 0.78 years (2019: 0.8 years).

The total share-based payment reversal for the lapsed shares was £64,190 (2019: £nil)

At 30 September 2020, the Company had the following warrants in issue:

Date of grant	6 November 2019			8 June 2020	3 August 2020
Number outstanding	150,000,000	290,000,000	225,000,000	416,666,666	366,666,667
Contractual life	12 months	18 months	19 months	12 months	15 months
Exercise price (pence)	0.1p	0.175p	0.25p	0.175p	0.25p
Estimated fair value per warrant	0.03p	0.02p	0.01p	N/A	N/A

The fair value of warrants is determined using the Black-Scholes valuation model. The charge to the profit and loss account was £190,130 (2019: £nil).

The fair value of warrants have been calculated using the Black-Scholes valuation model. The assumptions used in the calculation of the fair value of the warrants was as follows:

Date of grant	6 November 2019	6 November 2019	6 November 2019
Share price at date of grant	0.115p	0.115p	0.115p
Exercise price	0.1p	0.175p	0.25p
Volatility	72.7%	72.7%	72.7%
Risk free interest rate	0.62%	0.58%	0.55%

The warrants granted on 8 June 2020 and 3 August 2020 fall outside the scope of IFRS 2 and as such no charge has been made.

7. Staff costs, including Directors

	2020 £	2019 £
Wages and salaries	98,834	63,500
Share-based payments	46,681	—
Social security costs	5,457	4,518
	150,972	68,018

During the year the Company had an average of 3 employees who were management (2019: 3). The employees are Directors and key management personnel of the Company.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. Directors' and key management personnel

Directors' remuneration for the year ended 30 September 2020 is as follows:

	Salary	Fees	Share based payments	Total 2020
A Fabrizi	46,667	—	15,372	62,039
D Lew	27,500	—	31,309	58,809
W Henbrey	1,667	—	—	1,667
S King	—	23,000	—	23,000
	75,834	23,000	46,681	145,515

Directors' remuneration for the year ended 30 September 2019 is as follows:

	Salary	Fees	Share based payments	Total 2019
A Fabrizi	30,000	—	—	30,000
W Henbrey	20,000	—	—	20,000
S King	—	13,500	—	13,500
	50,000	13,500	—	63,500

Emoluments above are paid in full at the end of both financial years.

9. Taxation

The tax assessed on loss before tax for the year differs to the applicable rate of corporation tax in the UK for small companies of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) before tax	1,714,155	(684,964)
Profit/(loss) before tax multiplied by effective rate of corporation tax of 19% (2019:19%)	325,690	(130,143)
Effect of:		
(Profit)/loss on disposal of investments	—	—
Capital losses/(unrealised gains) carried forward/(utilised)	(390,773)	75,952
Capital gains	—	—
Capital allowances	(249)	(303)
Expenses not deductible for tax purposes	42,964	2,052
Losses carried forward	22,368	52,442
Tax charge in the income statement	—	—

The Company has incurred tax losses for the year and a corporation tax expense is not anticipated. The amount of the unutilised tax losses has not been recognised in the financial statements as the recovery of this benefit is dependent on future profitability, the timing of which cannot be reasonably foreseen. The unrecognised and revised deferred tax asset at 30 September 2020 is £717,511 (2019: £646,754).



Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. Earnings/(loss) per ordinary share

The earnings and number of shares used in the calculation of loss/earnings per ordinary share are set out below:

	2020	2019
Basic:		
Profit/(loss) for the financial period	1,714,155	(£684,964)
Weighted average number of shares	3,360,033,538	2,019,904,010
Earnings/(loss) per share (pence)	0.05	(0.03)
Fully Diluted:		
Profit/(loss) for the financial period	1,714,155	(£684,964)
Weighted average number of shares	3,397,884,005	2,019,904,010
Earnings/(loss) per share (pence)	0.05	(0.03)

As at the end of the financial period ended 30 September 2020, there were 1,448,333,333 share warrants in issue, which had an anti-dilutive effect on the weighted average number of shares.

11. Financial assets held at fair value through profit of loss

	2020 £	2019 £
FV movements in investments	2,056,698	(391,807)
FV movements in convertible loan notes	—	(7,941)
Fair valuation movements in financial assets designated at fair value through profit or loss	2,056,698	(399,748)
Investments		
	2020 £	2019 £
At start of year	5,101,587	5,288,943
Additions	1,769,906	204,451
Net fair value gain/(loss) for the year	2,056,698	(391,807)
FX gain for the year	135,241	—
At end of year	9,063,432	5,101,587
Investments		
	2020 £	2019 £
Quoted investments	1,901,922	—
Unquoted investments	7,161,510	5,101,587
	9,063,432	5,101,587

The methods used to value these unquoted investments are described below.

Fair value

The fair value of unquoted investments is established using valuation techniques. These include the use of quoted market prices, recent arm's length transactions, the Black-Scholes option pricing model and discounted cash flow analysis. Where a fair value cannot be estimated reliably the investment is reported at the carrying value at the previous reporting date in accordance with International Private Equity and Venture Capital ("IPEVC") guidelines.

The Company assesses at each balance sheet date whether there is any objective evidence that the unquoted investments are impaired. The unquoted investments are deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future fair value of the investments that can be reliably measured.



Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Convertible loan note	2020 £	2019 £
Convertible loan note	156,181	—
	156,181	—

On 11 October 2019, the Company invested US\$185,000 in convertible loan notes issued by The Dibs Esports Corp. The loan notes carry interest of 5% per annum and have a 36-month life span.

13. Trade and other receivables	2020 £	2019 £
Prepayments	2,668	2,172
Social security and other taxes	—	8,103
	2,668	10,275

The Directors consider that the carrying value of trade and other receivables approximates to the fair value.

14. Cash and cash equivalents	2020 £	2019 £
Cash at bank and in hand	132,167	120,828
	132,167	120,828

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

15. Trade and other payables	2020 £	2019 £
Trade payables	5,030	10,808
Accruals	17,400	12,500
Other payables	5,458	5
	27,888	23,313

All trade and other payables fall due for payment within one year. The Directors consider that the carrying value of trade and other payables approximates to their fair value.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

16. Share capital	2020 Number	Issued and fully paid		2019 Number	2019 £
		2020 £	2019 £		
At 1 October	2,242,582,853	2,142,584	1,881,471,742		1,881,473
Shares issued in the year	1,990,666,666	1,990,667	361,111,111		261,111
At 30 September	4,233,249,519	4,133,251	2,242,582,853		2,142,584

During the year ended 30 September 2020 the following shares were issued:

	Number	£	Issue price per share
18 October 2019	450,000,000	450,000	0.1p
12 November 2019	450,000,000	450,000	0.1p
19 February 2020	50,000,000	50,000	0.1p
17 April 2020	100,000,000	100,000	0.1p
17 April 2020	17,500,000	17,500	0.1p
4 May 2020	29,166,666	35,000	0.12p
9 June 2020	416,666,666	500,000	0.12p
3 August 2020	193,333,334	290,000	0.15p
1 September 2020	184,000,000	276,000	0.15p
11 September 2020	100,000,000	100,000	0.1p
	1,990,666,666	2,268,500	

During the year ended 30 September 2019 the following shares were issued:

	Number	£	Issue price per share
24 January 2019	111,111,111	200,000	0.18p
1 July 2019	250,000,000	250,000	0.1p
	361,111,111	450,000	

17. Financial instruments

Categories of financial assets and liabilities

The following tables set out the categories of financial instruments held by the Company:

Financial instruments

	Notes	Loans and receivables	
		2020 £	2019 £
Trade and other receivables	13	2,668	10,275
Cash and cash equivalents	14	132,167	120,828
		134,835	131,103

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. Financial instruments (continued)

	Notes	Designated upon initial recognition		Total £
		Held for trading £	Fair value through profit or loss £	
At 30 September 2020				
Investments	11	—	9,063,432	9,063,432
Total financial assets		—	9,063,432	9,063,432
At 30 September 2019				
Investments	11	—	5,101,587	5,101,587
Convertible loan notes	12	—	—	—
Total financial assets		—	5,101,587	5,101,587

	Notes	Fair value measurement		
		Level 1 £	Level 2 £	Level 3 £
At 30 September 2020				
Investments	11	1,901,922	—	7,161,510
Total financial assets		1,901,922	—	7,161,510
At 30 September 2019				
Investments		—	—	5,101,587
Total financial assets		—	—	5,101,587

Financial liabilities	Notes	Financial liabilities measured at amortised cost	
		2020 £	2019 £
Trade payables	15	5,030	10,808
Other payables	15	5,458	5
		10,488	10,813

The Company's financial instruments comprise investments recognised at fair value through profit and loss, cash and cash equivalents, convertible loan notes, other receivables and trade payables that arise directly from the Company's operations. The main purpose of these instruments is to invest in portfolio companies. Investments are held at fair value through profit and loss. The main risks arising from holding these financial instruments is market risk and credit risk.

Interest rate risk

The Company's exposure to changes in interest rates relate primarily to cash and cash equivalents. Cash and cash equivalents are held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The Company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits. Any reasonable change in interest rate would not have a material impact on finance income that the Company could receive in the course of a year, based on the current level of cash and cash equivalents either held in current accounts or short-term deposits.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. Financial instruments (continued)

Market risk

All trading instruments are subject to market risk, the potential that future changes in market conditions may make an instrument less valuable, due to fluctuations in security prices, as well as interest and foreign exchange rates. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying assets are traded.

Sensitivity analysis

The following table looks at the impact on net result and net assets based on a given movement in the fair value of all the investments;

10%	movement either way will result in £906,343 profit or (loss) (2019: £510,159 profit or (loss))
20%	movement either way will result in £1,812,686 profit or (loss) (2019: £1,020,317 profit or (loss))
30%	movement either way will result in £2,719,030 profit or (loss) (2019: £1,530,476 profit or (loss))

Borrowing facilities

The operations to date have been financed through the placing of shares and investor loans. It is the Board's policy to keep borrowing to a minimum, where possible.

Liquidity risks

The Company seeks to manage liquidity risk by ensuring sufficient liquid assets are available to meet foreseeable needs and to invest liquid funds safely and profitably. All cash balances are immediately accessible and the Company holds no trades payable that mature in greater than 3 months, hence a contractual maturity analysis of financial liabilities has not been presented. Since these financial liabilities all mature within 3 months, the Directors believe that their carrying value reasonably equates to fair value.

Foreign currency risk management

The Company undertakes certain transactions denominated in currencies other than pound sterling, hence exposures to exchange rate fluctuations arise. The fair values of the Company's investments that have foreign currency exposure at 30 September 2020 are shown below.

	2020			
	EUR £	SGD £	CAD £	AUD £
Fair value of investments	4,866,459	1,382,165	212,026	139,449

	2019			
	EUR £	SGD £	CAD £	AUD £
Fair value of investments	4,754,201	-	-	-

The Company accounts for movements in fair value of financial assets in the comprehensive income. The following table illustrates the sensitivity of the equity in regard to the company's financial assets and the exchange rates for £/Euro, £/Singapore Dollar, £/Canadian Dollar and £/Australian Dollar.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. Financial instruments (continued)

It assumes the following changes in exchanges rates:

- £/EUR +/- 20% (2019: +/- 20%)
- £/SGD +/- 20% (2019: +/- 20%)
- £/CAD +/- 20% (2019: +/- 20%)
- £/AUD +/- 20% (2019: +/- 20%)

The sensitivity analysis is based on the Company's foreign currency financial instruments held at each balance sheet date.

If £ Sterling had weakened against the currencies shown, this would have had the following effect:

	EUR £	SGD £	CAD £	AUD £
		2020		
Equity	973,292	276,433	42,405	27,890

	EUR £	SGD £	CAD £	AUD £
		2019		
Equity	950,840	-	-	-

If £ Sterling had strengthened against the currencies shows, this would have had the following effect:

	EUR £	SGD £	CAD £	AUD £
		2020		
Equity	(811,077)	(230,361)	(35,338)	(23,242)

	EUR £	SGD £	CAD £	AUD £
		2019		
Equity	(792,367)	-	-	-

The Company has also invested in a convertible loan note, denominated in USD, of \$185,000. An adverse movement in the exchange rate will impact the ultimate amount of the investment held, a 20% weakening or strengthening in £ Sterling would result in a profit of £29,956 (2019: nil) and a loss of £24,964 (2019: nil) respectively.

The Company's functional and presentational currency is the pound sterling as it is the currency of its main trading environment.

Credit risk

The Company's credit risk is attributable to cash and cash equivalents and trade and other receivables.

Cash is deposited with reputable financial institutions with a high credit rating. The maximum credit risk relating to cash and cash equivalents and trade and other receivables is equal to their carrying value of £134,835 (2019: £131,103).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. Financial instruments (continued)

Capital Disclosure

As in previous years, the Company defines capital as issued capital, reserves and retained earnings as disclosed in statement of changes in equity. The Company manages its capital to ensure that the Company will be able to continue to pursue strategic investments and continue as a going concern. The Company does not have any externally imposed financial requirements.

18. Related party transactions

The Company has a 5.95% investment in Guild Esports plc. Derek Lew, a director of the Company, is also a non-executive director of Guild Esports plc. The Company also has a 0.30% investment in Leaf Mobile Inc where Derek Lew is a non-executive director.

19. Operating lease commitments

At the balance sheet date, the Company had no outstanding commitments under operating leases.

20. Ultimate Controlling Party

The Company considers that there is no ultimate controlling party.

21. Post Balance Sheet Events

On 9 November 2020, 95,000,000 new ordinary shares were issued at a price of 0.1p per share from the exercise of warrants. Anthony Fabrizi exercised 25,000,000 of these warrants.



Notice of Annual General Meeting

The UK Government has published compulsory measures (the "Stay at Home Measures") prohibiting, among other things, public gatherings of more than two people. Under the Stay at Home Measures the only exceptions to public gatherings of more than two people is where the gathering is of people who live together or where the gathering is "essential for work purposes" and it is within these constraints that we will operate.

The Company is obliged to hold an AGM under the Companies Act 2006 and has put in place the arrangements described below to enable the meeting to be held in compliance with the Stay at Home Measures and to protect shareholders, the directors and the Company's employees. The expectation is that two officers of the Company (who are shareholders) will form the necessary quorum for the AGM. Attendance at the AGM by a shareholder (other than one specifically required to form the quorum for that meeting) is not "essential for work purposes" and is not permitted under the Stay at Home Measures. Accordingly, I have to make an unusual request that you do not attend the AGM in person but instead cast your vote by proxy. If the current Stay at Home Measures remain in force at the time of the AGM, shareholders and proxies, (other than the Chairman of the meeting), will not be admitted.

My colleagues on the Board and I understand that shareholders may have questions and at this time I encourage any shareholder wishing to ask a question of the directors to email the question to info@bluestarcapital.co.uk and we will respond to you.

If the Stay at Home Measures are changed any revised arrangements will be communicated to shareholders both through a Regulatory News Service announcement and on the Company's website.

Notice is hereby given that the Annual General Meeting of Blue Star Capital Plc (the "Company") will be held at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside, London, EC2V 6AX on Monday 8 February 2021 at 4.00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

- 1 To receive and adopt the accounts, together with the directors' and auditors' reports, for the period ended 30 September 2020.
- 2 To re-elect Derek Lew as a director of the Company who being eligible offers himself for re-election.
3. To re-elect Sean King as a director of the Company who being eligible offers himself for re-election.
- 4 To re-appoint Adler Shine LLP as auditors of the Company until the conclusion of the next annual general meeting and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which Resolution 5 will be proposed as an ordinary resolution and Resolution 6 will be proposed as a special resolution.

Ordinary Resolution

- 5 That, the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all or any part of the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares of the Company up to an aggregate nominal amount of £3,000,000 such authority (unless previously revoked or varied) to expire at the conclusion of the annual general meeting of the Company to be held in 2021 save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.





Notice of Annual General Meeting

CONTINUED

Special Resolution

6 That, subject to the passing of Resolution 5, the directors be and are hereby granted power pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority conferred on them by Resolution 5 above as if section 561 of the Act did not apply to such allotment, provided that such power be limited to:

- (i) the allotment of equity securities which are offered to all the holders of equity securities of the Company (at a date specified by the directors) where the equity securities respectively attributable to the interests of such holders are as nearly practicable in proportion to the respective number of equity securities held by them, but subject to such exclusions and other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements and any legal or practical problems under any laws or requirements of any regulatory body or stock exchange in any territory or otherwise; and
- (ii) the allotment (otherwise than pursuant to subparagraph (i) above) of equity securities up to an aggregate nominal amount of £3,000,000, and provided that this power shall expire on the conclusion of the next annual general meeting of the Company to be held in 2021, save that the Company may make an offer or enter into an agreement before the expiry of that date which would or might require equity securities to be allotted after that date and the directors may allot equity securities in pursuance of such an offer as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Anthony Fabrizi
Company Secretary
Registered Office:
Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ
Dated 12 January 2021

Notes:

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered on the Company's register of members at close of business on **4 February 2021** or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register of members after close of business on **4 February 2021** or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at a meeting.
 - 2 A member is entitled to appoint one or more persons as proxies to exercise all of any or all of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise rights attached to a different share or shares held by him. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. Appointment of a proxy does not preclude a member from attending the meeting and voting in person.
 - 3 A form of proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars being Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to arrive no later than 4.00 p.m. on **4 February 2021** or, in the event that the meeting is adjourned, by no later than 48 hours before the time of any adjourned meeting.
 - 4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>).
- CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s),





Notice of Annual General Meeting

CONTINUED

should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ("a CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID RA10) by no later than 4.00 p.m. on 4 February 2021. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change in instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 5 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services by telephone on 0371 664 0300 calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

- 6 In order to revoke a proxy instruction, you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or the hand of its duly authorised agent or officer. In the case of an individual, the proxy must be signed by the appointor or his attorney, duly authorised in writing. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

