

BLUE  STAR

Annual Report and Financial Statements

for the year ended 30 September 2023

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Directors and Advisers

For the year ended 30 September 2023

Directors	Anthony Fabrizi (<i>Executive Chairman and Company Secretary</i>) Sean King (<i>Non-executive Director</i>)
Registered Office	Griffin House 135 High Street Crawley RH10 1DQ
Company Number	05174441
Nominated Adviser	Cairn Financial Advisers LLP 9th floor 107 Cheapside London EC2V 6DN
Nominated Broker	Axis Capital Markets Limited 27 Clements Lane London EC4N 7AE
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 Service The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Chairman's Statement

For the year ended 30 September 2023

Blue Star Capital plc ("the Company" or "Blue Star") provides investors with exposure to a portfolio of geographically diverse companies in high-growth, disruptive technology sectors.

During the period, the Company's Net Asset Value ("NAV") decreased by 53% to £5,329,347 (2022: £11,414,507) with the Company incurring a pre-tax loss of £6,328,408 (2022: loss £1,301,008). The significant decline in NAV and loss for the year principally reflect the write down of our investments in Dynasty Media & Gaming and Sthaler plus the losses incurred on the realisation of the Company's quoted investments. The Company ended the year with cash of £63,158 (2022: £86,575).

In September 2022, the Board set out its strategy for the next two years. The key components were to refrain from making any new investments while it sought offers for its shareholdings in SatoshiPay and Dynasty. The Board also advised that, if possible, it would endeavor to manage the business without any further equity raises.

We provide the following portfolio company overviews for the year ended 30 September 2023.

Blockchain and decentralised finance

SatoshiPay's mission is to connect the world through instant payments. To achieve this ambition, SatoshiPay is initially focusing on building the Pendulum Network Project ("Pendulum").

Pendulum, a smart-blockchain infrastructure technology company, aims to decentralize forex and traditional finance, by providing the missing link between fiat currency and De-Fi ecosystems through a sophisticated smart contract network. Pendulum is committed to advancing foreign exchange ("Forex") trading into the blockchain space to integrate a tranche of the US\$6.6 trillion traded daily in Forex markets.

In the period under review, Pendulum has achieved a number of key operational milestones, most notably:

- In December 2022 Pendulum completed its crowdloan as a precursor to it becoming a Polkadot Parachain. Pendulum's crowdloan was the fastest parachain crowdloan in the history of the Polkadot ecosystem.
- Pendulum parachain went live on Polkadot mainnet in February 2023 and the corresponding utility token called PEN was listed on MEXC in March 2023.
- In March 2023 Pendulum announced the development of "Spacewalk", its blockchain bridge connecting the Stellar and Polkadot networks. This innovative bridge is intended to facilitate the transfers of multiple stablecoins, advancing interoperability in the blockchain space. Pendulum described Spacewalk as a trust-minimized bridge that supports the smooth and seamless transfer of stable assets between the two ecosystems, allows closer collaboration in the De-Fi sector and drives synergies between traditional fintech services and the De-Fi sector.
- In December 2023, an HRMP channel was opened with Moonbeam Network helping to demonstrate Pendulum's partnerships strategy. This launch helped enable additional functionalities for the PEN token and stablecoin activities within the Moonbeam ecosystem and assisted with the listing of PEN on Moonbeam's DEX Stellaswap in early January 2024.

SatoshiPay currently owns around 5% of the PEN tokens and has a service contract with Pendulum to provide software development.

SatoshiPay also successfully incubated the OxAmber AMM Project (now called Nabla.fi) for which it secured 5 per cent of the future tokens. Nabla is a novel AMM design for low-risk, single-sided liquidity provision, significantly lower slippage and fees compared to other AMM designs. The nabla.fi team are about to launch their novel-design decentralized exchange with oracle-guided pricing and single-sided liquidity provision for maximum capital efficiency and attractive FX rates on chain.

Chairman's Statement continued

For the year ended 30 September 2023

During the period, the SatoshiPay team took the decision to mothball Dtransfer, given the need to focus resources on Pendulum and Nabla. However, the successful incubation of Pendulum followed by Nabla provides the board of SatoshiPay with confidence that they are well positioned to incubate other DeFi applications with a stablecoin, FOREX or business focus.

In its most recent results to 31 December 2022, SatoshiPay achieved turnover of €2.93 million and profits after tax of €587,000.

Blue Star currently has a 27.9% interest in SatoshiPay's share capital, which is valued on the basis of the last external fund raise in 2019 at approximately £4.65 million. As previously announced, Benchmark International have been appointed to undertake a formal sales process for SatoshiPay which may lead to the sale of all or part of Blue Star's shareholding in SatoshiPay. There is no guarantee that this exercise will result in a whole or partial sale, but the Board believes it's important to undertake such a process so as to obtain a better understanding of SatoshiPay's current and potential value.

Esports

To date we have invested approximately £2.5 million in our Esports portfolio which originally consisted of eight companies, with the main investments being £712,665 in Guild and £969,268 in Dynasty. In last year's accounts we wrote off four of those investments and started the year with investments in Dynasty, Googly, Paidia and Guild. These investments were carried at either cost or last private fundraising for our private investments or market value for our quoted investments.

Details of the four Esports investments are provided below.

Dynasty Media & Gaming

Dynasty's original business plan was to provide its gaming platform to large telecoms companies, for which it initially had much success, generating fixed monthly license fee income. However, operational complexities, including the need to support several different and highly customised platforms, led to a pivot to focus on launching B2C platforms with more strategically aligned and complementary partners and in the process, maintaining control of its products and contact with the end users. As a result of extensive technology development, Dynasty's platform has now moved to a single code base, meaning time to launch in new markets has been reduced from at least nine months to one month.

As previously reported, Dynasty believes it has built the leading and most comprehensive gaming/esports platform globally, which combines the following key features, licenses, and accreditations in one single platform:

- Enterprise grade international esports tournament engine accredited and endorsed by major international games publishers including Riot, Activision and Supercell to run professional leagues and mass market grassroots esports feeder leagues.
- The only enterprise grade esports platform and gaming shop that:
 - supports international standard professional esports tournaments for both PC and Mobile games, the world's fastest growing gaming sector;
 - is optimised for key hyper-growth 'mobile first' markets. Dynasty optimised its mobile experience to 30MB, perfect for mobile first markets such as India, Africa, SEA and LATAM;
 - incorporates a payment wallet, subscription engine, digital voucher and top up shop, with full security accreditation;
 - can deliver and launch a fully branded, fully functional partner platform within 4 weeks. This has been enabled by a single code cloud-based code structure.

Chairman's Statement continued

For the year ended 30 September 2023

- Full customer relationship management campaign engine to increase monetisation and engagement.
- Unique User Generated Tournament engine that allows users to create entry fee and prize pool tournaments, sharing in platform monetisation.
- The only enterprise grade esports and gaming shop with an AI Academy, allowing players to improve in game performance.

Dynasty now has live B2C platforms in several key gaming markets including Googly in India, Lets Play Live in Australia and New Zealand and Lightning Dragon in Phillipines. Further details on these platforms are summarised below:

Googly: Dynasty advises that India is the world's fastest growing gaming market, with over 750 million gamers forecast in the country by the end of 2026, spending more than US\$6.7 billion. By most metrics, the rate of growth in gaming in India is more than double the average of the rest of the world – this includes more mature, slower growth markets like North America and Europe, but also accelerating regions such as Latin America and Southeast Asia. The future growth of gaming in India will continue to be almost entirely driven by mobile, fuelled by a young population of digital natives, increasing wealth, and mass smartphone adoption. Googly's platform offering provides India's gamers a diverse, immersive experience, catering to all levels of casual and competitive gaming, including – leaderboards, live broadcasts, engaging content, unique user-generated prizepool tournaments, and a market leading games shop.

Lets Play Live: The platform was launched in June 2023 with the Company's 50/50 JV partner Lets Play Live, the region's leading tournament organiser and gaming content creator. Within the first six months of operation, the platform has already become Oceania's largest and most successful gaming platform with over 420,000 users. Major official publisher-led national and regional tournaments secured with an extensive calendar scheduled throughout 2024 for leading games titles including Valorant, Fortnite, and Clash Royale.

Lightning Dragon: The platform was recently launched with large media conglomerate Vera Media Group. Lightning Dragon has already secured significant partnerships including PayMaya, one of the region's leading payment providers with over 40 million users in the Phillipines, and Razer, one of the world's largest gaming brands. Lightning Dragon expects to announce several more strategic marketing partnerships in the coming weeks across sectors including TV, radio, telcos, retail, esports tournament organisers and gaming content creators.

Dynasty's management believe their new business model will allow them to become cash-flow positive later this year. Within their business model, India is the largest contributor and given the importance of the Indian market and the financial support provided by Googly and its shareholders to Dyansty over the last 9 months, a decision was taken late last year to merge Dynasty and Googly. To help support Dynasty through this transitioning phase, Blue Star invested US\$75,000 in a US\$3 million fundraise undertaken by Dynasty in November 2023. The Convertible Loan Note had a two-year expiry period, was non-interest bearing and converted at a discount of 50 per cent to Dynasty's next funding round.

Details of the merger were announced on 13 March 2024, in which Dynasty has entered into an agreement to acquire the entire assets and business of Googly for a purchase consideration of approximately US\$7.6 million in an all-share acquisition that values the combined entity at US\$15m. In addition, the Company has also been informed that a number of Convertible Loan Note holders in Dynasty also intend to convert post the Acquisition and the Company has decided that it will also convert its US\$75,000 Convertible Loan at that point.

Chairman's Statement continued

For the year ended 30 September 2023

Blue Star has been an investor in Dynasty since 2019 and pre the merger with Googly and the conversion of all outstanding Convertible Loan Notes, had a shareholding of approximately 13%. Additionally, the Company had a shareholding of 0.6% of Googly. Post the merger and pre conversion of the Convertible Loan Notes, the Company holds approximately 6.3% of the fully diluted share capital of Dynasty. Assuming all Convertible Loan Notes convert, this holding is expected to fall to around 2.4%.

Guild Esports PLC

Guild Esports PLC is a global teams organisation and lifestyle brand, which was the first esports organisation to list on the London Stock Exchange.

At the year end the Company held 8,951,500 shares in Guild with a valuation of £51,471. Subsequently, the Company sold its remaining shareholding in Guild.

Paidia

Paidia is an all-women's esports business which has achieved significant growth. The market positioning of Paidia is attracting significant attention both from the media as well as large global brands. The Company invested approximately £59,000 into Paidia in 2021 and is carrying the investment based on the last external valuation in August 2023 at £105,910.

Other investments

Sthaler Limited

Sthaler is a Digital Identity business which enables an individual to identify themselves using the unique vein patterns within a finger. Its FinGo ID platform uses a biometric called VeinID which instantly recognises an individual through the unique pattern of veins inside each finger. FinGo Pay is approved to authenticate multiple payment types including payment cards and real-time payments (bank-to-bank).

At the beginning of 2023, Sthaler's management calculated that the Company needed to raise around £4 million to fund it through to a point where it was self-sustaining. It began a process of reaching out to existing shareholders and some new investors to seek their support for such a raise. Although there was general support for the business, market conditions and the lack of secured projects meant that investors were unwilling to support at previous valuations. After considerable efforts, Sthaler's management decided to significantly reduce the valuation in order to recapitalise the business and raise the needed funding. At the end of 2023, Sthaler reduced the valuation to £2 million pre money and secured support from a number of shareholders. This raise is still ongoing but is expected to close shortly at between £3.5 million – £4 million.

Although the Company continues to believe Sthaler retains significant potential, our focus is on our two main investments which combined with our limited cash resources, meant that we did not participate in the round.

At the year end, Blue Star's shareholding in Sthaler was approximately 0.68% but will fall to around 0.24% post the current fund raise completing. On this basis, Blue Star's holding will be valued at approximately £13,600, compared with a cost of £50,000.

East Sides Games and NFT Investments PLC

To provide working capital the Company disposed of its shareholdings in NFT Investments during the year and East Side Games post year-end.

Chairman's Statement continued

For the year ended 30 September 2023

Outlook

Last year was clearly extremely disappointing for everyone connected with Blue Star with significant write-downs in a number of our investments. We supported all our investee businesses to the extent possible and continue to believe they have potential to become successful businesses in the future. Our main investment is in SatoshiPay which is currently engaged in a sales process which may or may not lead to an offer. While this process is ongoing the Board has agreed to take its remuneration in shares and has taken actions to eliminate all non-essential spending. Once the SatoshiPay sales process is complete, the Board intends to carry out a process of consultation with shareholders to determine the future direction of the Company.

Anthony Fabrizi

Executive Chairman

21 March 2024

Chairman's Corporate Governance Statement

For the year ended 30 September 2023

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 28 February 2024.

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.

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's approach is intended 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 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 and achieving realisations of the investment portfolio.

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.

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.

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2023

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 Chairman.

The Audit Committee consists of Anthony Fabrizi (Chair) and Sean King. 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.

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2023

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.
Ability to raise further funds through issue of shares or disposal of unlisted investments	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 Board has decided not to make any new investments for the foreseeable future and to focus on the existing portfolio. If there is a requirement for additional funds the Company has the ability to issue shares for cash and has always had support from shareholders previously.
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 Board has previously announced that it does not intend to make any new investments without shareholder approval.

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 currently consists of two directors, the executive Chairman and one non-executive Director. The former Finance Director was forced to resign at short notice due to health reasons on 9th October 2023. The Board intends to appoint a second Independent Non-executive director when a suitable candidate can be identified.

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 Chairman 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.

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2023

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.

Anthony Fabrizi, Executive Chairman, Chair of Audit Committee

Appointed 16 September 2022.

Anthony Fabrizi qualified as a Chartered Accountant with KPMG before working in corporate finance at HSBC Investment Bank. He later established Ghaliston Limited as a corporate finance advisory business. Ghaliston acquired Merchant Securities Limited, a private client stockbroking business and the enlarged company listed on AIM in November 2006. Anthony resigned as CEO of that company in June 2008.

Over the last ten years Anthony has advised a number of private companies as well as taking on the role of CEO of Blue Star in July 2012 until his resignation in February 2021. In the interim period, Anthony has been heavily involved in Fruitlab Media Limited a gaming business with its own token, the PIP

Sean King, Non-executive Director, Chair of Remuneration Committee

Appointed on 24 January 2019.

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 businesses in media and technology and is heavily involved in the start-up sector.

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 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.

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

For the year ended 30 September 2023

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 advisers 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 expects 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 Executive Chairman 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; and
- (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

For the year ended 30 September 2023

Audit committee

The Audit Committee consists of Anthony Fabrizi (Chair) and Sean King. 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.

Anthony Fabrizi

Executive Chairman

21 March 2024

Strategic Report

For the year ended 30 September 2023

The Directors present their strategic report on the Company for the year ended 30 September 2023.

Review of Business and Analysis Using Key Performance Indicators

The full year's loss was £6,328,408 compared to a loss of £1,301,008 for the year ended 30 September 2022.

Net assets have decreased to £5,329,347 at 30 September 2023, changing from £11,414,507 at 30 September 2022.

The cash position at the end of the year decreased to £63,158 from £86,575 as at 30 September 2022.

During the year, there was a fair value decrease in the company's investment assets of £5,762,911 (2022: £445,223 loss). A full review of the company's portfolio investments is provided in the Chairman's statements.

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 2023. The main KPIs for the Company are listed as follows:

	2023	2022
Valuation of investments	£5,291,806	£11,390,278
Cash and cash equivalents	£63,158	£86,575
Net current assets	£37,541	£24,229
Loss before tax	£6,328,408	£1,301,008
Net asset value per share	0.11p	0.23p

Investing Policy

Assets or companies in which the Company can invest

The Company can invest in assets or companies in, inter alia, 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 27.9% stake in SatoshiPay, which the Board believes represents a strong opportunity to generate significant shareholder value.

Strategic Report continued

For the year ended 30 September 2023

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.

Future developments

The Company is working with its largest investee business, SatoshiPay, to establish an independent valuation and potential offer for the business. If an offer is accepted the Board will then consult with shareholders on whether to reinvest this cash realised from the SatoshiPay share sale or make some form of cash distribution to shareholders.

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

The Director's 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.

Strategic Report continued

For the year ended 30 September 2023

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 may 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 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

Anthony Fabrizi

Executive Chairman

21 March 2024

Directors' Report

For the year ended 30 September 2023

The Directors present their report together with the audited financial statements for the year ended 30 September 2023.

Results and dividends

The trading results for the year ended 30 September 2023 and the Company's financial position at that date are shown in the enclosed financial statements.

The Directors do not recommend the payment of a dividend for the year (2022: £nil).

Principal activities and review of the business

The principal activity of the Company is to invest in the technology, 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

Brian Rowbotham *Resigned on 9 October 2023*

Sean King

On 9 October 2023, Brian Rowbotham resigned and Anthony Fabrizi was appointed as Company Secretary.

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:

	30 September 2023		30 September 2022	
	Number of ordinary Shares	Warrants	Number of ordinary Shares	Warrants
Anthony Fabrizi	—	170,000,000	—	—
Sean King	18,250,000	30,000,000	18,250,000	—
Brian Rowbotham	—	50,000,000	—	—

Significant shareholders

As at 13 March 2024, 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	582,730,468	11.44%
Pioneer Media Holdings Inc	322,916,333	6.34%
Derek Lew	211,527,778	4.15%
Paniolo Ventures Limited	208,333,333	4.09%

Related party transactions

Related party transactions and relationships are disclosed in note 18.

Directors' Report continued

For the year ended 30 September 2023

Going concern

The Company has reported a loss for the year excluding fair value loss on the valuation of investments of £565,497 (2022: £855,785).

The Company had cash reserves at the year-end of £63,158 (2022: £86,575).

Post year-end, the Company raised £75,487 from the sale of its remaining listed investments. In addition, the Company raised £100,000, pre expenses, pursuant to a placing of 100,000,000 new ordinary shares at a price of 0.1p per new ordinary share (refer to note 21).

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and economic conditions that are expected to prevail over the forecast period. The Directors estimate that the cash held by the Company, together with known receivables, will be sufficient to support the current level of activities to the end of the third quarter of 2024. The Directors have concluded that the ability of the Company to raise further funds in the future represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The Directors are continuing to explore sources of finance available to the Company, including the sale of further investments and they have a reasonable expectation that they will be able to secure sufficient cash inflows for the Company to continue its activities for not less than 12 months from the date of approval of these financial statements. On this basis, the Directors continue to adopt the going concern basis in preparing these accounts.

Streamlined Energy and Carbon Reporting (SECR)

The Company is a low energy user and as such is exempt from reporting under these regulations.

Events after the reporting date

Events after the reporting date are disclosed in note 21.

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 at the time of approval of the report:

- 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

Anthony Fabrizi

Executive Chairman

21 March 2024

Statement of Directors' Responsibilities

For the year ended 30 September 2023

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 international accounting standards (IAS), in conformity with the requirements of the Companies Act.

The financial statements are required by law and IAS to present fairly the financial position and performance of the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of the Act to financial statements give a true and fair view and references to their achieving a fair presentation.

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 AIM 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 applicable international accounting standards (IAS), in conformity to the Companies Act, been followed, subject to any material departures disclosed and explained in the financial statements.;
- 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 Auditor's Report

to the members of Blue Star Capital Plc

Opinion

We have audited the financial statements of Blue Star Capital Plc (the 'Company') for the year ended 30 September 2023 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 the preparation of the financial statements is applicable law and UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We 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 the 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 FRC's Ethical Standard, 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.

Emphasis of matter – valuation of investments

We draw attention to Note 11 of the financial statements which describes the basis of the valuation of the investments held. The valuation of unquoted investments is established using various valuation techniques and an assessment as to whether there is any objective evidence that these unquoted investments are impaired.

The basis of these valuations include a number of variables within the calculations. These variables are subjective and are based on professional judgements of expectations and estimates.

While we have assessed managements judgements and application of estimates in their calculations and consider these to be reasonable, as set out in the key audit risks below, a variance in these subjective components could result in a material change in the valuation of the underlying investments.

Our opinion is not modified in respect of this matter.

Material uncertainty relating to going concern

We draw your attention to the policy on Going Concern within Note 1 to the financial statements, which indicates that the accounts have been prepared on the going concern basis. The Board has referred to the fact that the Company is reliant on raising funds through the disposal of investments and through additional share placings to continue its activities as budgeted.

If the Company is not successful in raising funds by disposing of investments or from the issue of new share, this may cast significant doubt on the Company's ability to continue as a going concern.

Independent Auditor's Report continued

to the members of Blue Star Capital Plc

As set out in the notes to the accounts, since the balance sheet date, the company has successfully raised £100,000 pursuing a placing of new ordinary shares and a further £75,487 from the sale of investments.

The Directors' assessment of going concern involves a number of subjective judgements, therefore this was accordingly identified as a Key Audit Matter.

How our audit addressed the area of focus

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 value of investments and the need for additional funding during the forthcoming year.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed 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 the audit; and directing the efforts of the engagement team. These 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**

Area of focus

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 quoted and unquoted investments.

How our audit addressed the area of focus

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, where available, filed with Companies House, including the price at which the investee companies were able to issue shares in the period. We also reviewed events since the balance sheet date which may indicate conditions that may have prevailed at the balance sheet date.

We reviewed information relating to the disposal of investments and agreed these disposals to supporting information.

Key observations

As a result of our work we agreed with the valuation changes in the Company's investments, as well as confirming ownership and valuation of its investment additions during the year.

- **Going concern**

Details in respect of how our audit addresses this area of focus are set out in the Material uncertainty relating to going concern section above.

Independent Auditor's Report continued

to the members of Blue Star Capital Plc

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Final materiality was set at £53,600 which is based on 1% of the Company's gross assets.

In our professional judgement, this benchmark is considered appropriate as it reflects the investment nature of the business, representing a key performance indicator for users of the financial statements in assessing the Company's financial performance.

Performance materiality was set at £40,200 which is based on 75% of materiality.

In setting the level of performance materiality, we considered a number of factors including the control environment, our testing strategy, the total value of known and likely misstatement (based on past experience and other factors) and management's attitude towards proposed adjustments.

Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors which includes valuation of financial assets at fair value through profit and loss and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including an evaluation of whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Procedures were designed and performed to address the risks identified. The audit was planned to ensure that the audit team obtained sufficient and appropriate audit evidence in relation to the significant operations of the Company for the year ended 30 September 2023.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Company's 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 conclusion 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 course of 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 this gives rise to 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.

Independent Auditor's Report continued

to the members of Blue Star Capital Plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period 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.

Matters on which we are required to report by exception

In the 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 in relation to which 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, 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 responsibilities 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Independent Auditor's Report continued

to the members of Blue Star Capital Plc

The procedures and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements. We obtained an understanding in this regard through discussions with management and the application of our cumulative audit knowledge and experience of this sector. The key laws and regulations we considered in this context included the Companies Act 2006, AIM regulations and applicable tax legislation.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- We considered the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets.
- Discussing matters among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.
- Undertaking appropriate sample-based testing of bank transactions.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; enquiries of management, review of minutes and announcements, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Date: 21 March 2024

Statement of Comprehensive Income

For the year ended 30 September 2023

	Note	2023 £	2022 £
Revenue		—	—
Loss on disposal of investments		(122,196)	(338,836)
Fair valuation movements in financial instruments designated at fair value through profit or loss	11	(5,762,911)	(445,223)
		(5,885,107)	(784,059)
Share based payments	6	(243,248)	—
Administrative expenses	3	(201,118)	(517,003)
Operating loss	4	(6,329,473)	(1,301,062)
Finance income	5	1,065	54
Loss before and after taxation and total comprehensive income for the year		(6,328,408)	(1,301,008)
Loss per ordinary share:			
Basic loss per share on loss for the year	10	(0.13p)	(0.03p)
Diluted loss per share on loss for the year	10	(0.13p)	(0.03p)

The notes on pages 29 to 44 form part of these financial statements.

Statement of Financial Position

For the year ended 30 September 2023

	Note	2023 £	2022 £
Non-current assets			
Financial assets at fair value through profit or loss	11	5,291,806	11,390,278
Convertible loan note	11	—	—
Total non-current assets		5,291,806	11,390,278
Current assets			
Trade and other receivables	12	6,459	8,072
Cash and cash equivalents	13	63,158	86,575
Total current assets		69,617	94,647
Total assets		5,361,423	11,484,925
Current liabilities			
Trade and other payables	14	32,076	70,418
Total liabilities		32,076	70,418
Net assets		5,329,347	11,414,507
Shareholders' equity			
Share capital	15	4,892,774	4,892,774
Share premium account		9,575,072	9,575,072
Other reserves		243,248	—
Retained earnings		(9,381,747)	(3,053,339)
Total shareholders' equity		5,329,347	11,414,507

The financial statements were approved by the Board, authorised for issue on 21 March 2024 and were signed on its behalf by:

Anthony Fabrizi

Director

Registered number: 05174441

The notes on pages 29 to 44 form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 September 2023

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Year ended 30 September 2022					
At 1 October 2021	4,892,774	9,575,072	—	(1,752,331)	12,715,515
Loss for the year and total comprehensive income	—	—	—	(1,301,008)	(1,301,008)
At 30 September 2022	4,892,774	9,575,072	—	(3,053,339)	11,414,507
Year ended 30 September 2023					
At 1 October 2022	4,892,774	9,575,072	—	(3,053,339)	11,414,507
Loss for the year and total comprehensive income	—	—	—	(6,328,408)	(6,328,408)
Share based payments	—	—	243,248	—	243,248
At 30 September 2023	4,892,774	9,575,072	243,248	(9,381,747)	5,329,347

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 29 to 44 form part of these financial statements.

Cash Flow Statement

For the year ended 30 September 2023

	Note	2023 £	2022 £
Operating activities			
Loss for the year		(6,328,408)	(1,301,008)
<i>Adjustments:</i>			
Finance income	5	(1,065)	(54)
Fair value losses		5,762,911	445,278
Impairment of convertible note		—	150,846
Loss on disposal of investments		122,196	338,836
Share based payment		243,248	—
Working capital adjustments			
Decrease in trade and other receivables		1,613	127,429
Decrease in trade and other payables		(38,342)	(163,725)
Net cash used in operating activities		(237,847)	(402,398)
Investing activities			
Proceeds from sale of investments		213,365	192,867
Interest received		1,065	—
Net cash from investing activities		214,430	192,867
Net cash generated from financing activities		—	—
Net decrease in cash and cash equivalents		(23,417)	(209,531)
Cash and cash equivalents at start of the year	13	86,575	296,106
Cash and cash equivalents at end of the year	13	63,158	86,575

The notes on pages 29 to 44 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 September 2023

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 England and Wales with registered number: 05174441 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.

The financial statements are presented in Pound Sterling (£) and rounded to the nearest £1.

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 United Kingdom ("UK adopted IFRS") 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.

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.

Going concern

The Company has reported a loss for the year excluding fair value gain on the valuation of investments of £565,497.

The Company had cash reserves at the year-end of £63,158 and a portfolio of investment companies which include quoted investments which can be easily liquidated should further funds be required.

Post year-end, the Company raised £75,487 from the sale of its remaining quoted investments. In addition, the Company raised £100,000 pursuant to a placing of 100,000,000 new ordinary shares at a price of 0.1p per new ordinary share (refer to note 21).

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and economic conditions that are expected to prevail over the forecast period. The Directors estimate that the cash held by the Company, together with known receivables, will be sufficient to support the current level of activities to the end of the third quarter of 2024. The Directors have concluded that the ability of the Company to raise further funds in the future represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Notes to the Financial Statements continued

For the year ended 30 September 2023

1. Accounting policies continued

The Directors are continuing to explore sources of finance available to the Company, including the sale of further investments and they have a reasonable expectation that they will be able to secure sufficient cash inflows for the Company to continue its activities for not less than 12 months from the date of approval of these financial statements. On this basis, the Directors continue to adopt the going concern basis in preparing these accounts.

Accordingly, these accounts do not contain any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

New standards, amendments and interpretations adopted by the Company

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 October 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements

Standards/ interpretations	Application
IFRS 9	<i>Financial Instruments</i> Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)
IAS 16	<i>Property, Plant and Equipment</i> 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
IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i> Amendments regarding the costs to include when assessing whether a contract is onerous

Notes to the Financial Statements continued

For the year ended 30 September 2023

1. Accounting policies continued

New standards, amendments and interpretations not yet adopted

Standards/ interpretations	Application	Effective date
IFRS 4	<i>Insurance Contracts</i> Amendments regarding the expiry date of the deferral approach	01/01/2023
IFRS 7	<i>Financial Instruments: Disclosure</i> Amendments regarding supplier finance arrangements	01/01/2024
IFRS 16	<i>Leases</i> Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	01/01/2024
IAS 1	<i>Presentation of Financial Statements</i> Amendments regarding the disclosure of accounting policies Amendments regarding the classification of liabilities Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	01/01/2023 01/01/2024
IAS 7	<i>Statement of Cash Flows</i> Amendments to specify the disclosure requirements regarding supplier finance arrangements	01/01/2024
IAS 8	<i>Accounting policies, Changes in Accounting Estimates and Errors</i> Amendments regarding the definition of accounting estimates	01/01/2024
IAS 21	<i>Income Taxes</i> Amendments regarding deferred tax on leases and decommissioning obligations Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	01/01/2023

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

1. Accounting policies continued

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
- (b) or unless significant transactions involving an independent third-party arm's length, values the investment at a materially different value:
- (c) 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;
 - 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.
- (d) 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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

1. Accounting policies continued

Financial assets

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.

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).

Notes to the Financial Statements continued

For the year ended 30 September 2023

1. Accounting policies continued

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 continued

For the year ended 30 September 2023

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 payment

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options, the vesting date of options where non-market performance conditions have been set and the risk free interest rate.

3. Nature of expenses

	2023 £	2022 £
Directors remuneration	100,067	156,750
Legal and professional fees	41,361	164,330
Impairment of convertible note	—	150,846
Other expenses	59,690	45,077
	201,118	517,003

4. Operating loss

	2023 £	2022 £
This is stated after charging:		
Auditor's remuneration – statutory audit fees	19,000	14,275

5. Finance income

	2023 £	2022 £
Interest received on short term deposits	1,065	54
	1,065	54

Notes to the Financial Statements continued

For the year ended 30 September 2023

6. Share based payments

Share warrants

	2023		2022	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at the beginning of the year	—	—	0.25	591,666,667
Lapsed during year	—	—	0.25	(591,666,667)
Granted during the year	0.37	250,000,000	—	—
Exercised during the year	—	—	—	—
Outstanding at the end of the year	0.37	250,000,000	—	—

The contracted average remaining life of warrants at 30 September 2023 was 2.3 years (2022: 0.1 years).

At 30 September 2023, the Company had the following warrants in issue:

Date of grant	27 January 2023	27 January 2023
Number outstanding	200,000,000	50,000,000
Contractual life	3 years	3 years
Exercise price (pence)	0.35p	0.45p

The fair value of warrants is determined using the Black-Scholes valuation model. The charge to the profit and loss for the year ended 30 September 2023 was £243,248 (2022: NIL).

The assumptions used in the calculation of fair value of the warrants was as follows:

Date of grant	27 January 2023	27 January 2023
Share price at date of grant	0.235p	0.235p
Exercise price	0.35p	0.45p
Expected life (years)	2.18	2.93
Volatility	94.98%	94.98%
Risk free interest rate	3.34%	3.29%

7. Staff costs, including Directors

	2023 £	2022 £
Wages and salaries	66,000	107,750
Social security costs	4,067	—
Share based payment	243,248	—
	313,315	107,750

During the year the Company had an average of 3 employees who were management (2022: 3). The employees are Directors and key management personnel of the Company.

Notes to the Financial Statements continued

For the year ended 30 September 2023

8. Directors' and key management personnel

Directors' remuneration for the year ended 30 September 2023 is as follows:

	Salary £	Fees £	Share based payments £	Compensation for loss of office £	Total 2023 £
A Fabrizi	36,000	12,000	165,145	—	213,145
B Rowbotham	30,000	—	48,649	—	78,649
S King	—	18,000	29,454	—	47,454
	66,000	30,000	243,248	—	339,248

Directors' remuneration for the year ended 30 September 2022 is as follows:

	Salary £	Fees £	Share based payments £	Compensation for loss of office £	Total 2022 £
D Lew	68,750	—	—	25,000	93,750
B Rowbotham	39,000	—	—	—	39,000
S King	—	24,000	—	—	24,000
	107,750	24,000	—	25,000	156,750

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 25% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Loss before tax	(6,328,408)	(1,301,008)
Loss before tax multiplied by effective rate of corporation tax of 25% (2022:19%)	(1,582,102)	(247,191)
Effect of:		
Loss on disposal of investments	30,549	64,379
Fair value movements on investments	1,440,728	84,721
Capital losses	(30,549)	(18,862)
Share based payments	60,802	—
Capital allowances	—	(168)
Losses carried forward	80,572	117,121
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 2023 is £1,341,055 (2022: £81,058).

From 1 April 2023 the standard rate of corporation tax increased from 19% to 25%.

Notes to the Financial Statements continued

For the year ended 30 September 2023

10. Earnings per ordinary share

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

	2023	2022
Basic:		
Loss for the financial period	(6,328,408)	(1,301,008)
Weighted average number of shares	4,992,772,996	4,992,772,996
Loss per share (pence)	(0.13)	(0.03)
Fully Diluted:		
Loss for the financial period	(6,328,408)	(1,301,008)
Weighted average number of shares	4,992,772,996	4,992,772,996
Loss per share (pence)	(0.13)	(0.03)

There is no difference between the diluted loss per share and the basic loss per share presented due to the loss position of the Company. Share options and warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented.

11. Investments

	2023 £	2022 £
At start of year	11,390,278	12,367,204
Additions	—	—
Disposals	(335,561)	(531,703)
Net fair value loss for the year	(5,762,911)	(445,223)
At end of year	5,291,806	11,390,278

During the year the Company reduced its shareholding in Guild Esports plc and NFT Investment's plc in order to raise working capital. This reduction resulted in a loss on disposal of £122,196 (2022: £338,836).

Following year end, the Company's remaining shareholding in Guild Esports plc was disposed together with the shareholding in East Side Group (refer to Note 21).

Investments

	2023 £	2022 £
Quoted investments	69,196	599,482
Unquoted investments	5,222,610	10,790,796
	5,291,806	11,390,278

Notes to the Financial Statements continued

For the year ended 30 September 2023

11. Investments continued

The country of incorporation for all investments held at 30 September 2023 are listed below:

	£	Country of Incorporation	Investment class
Dynasty Media & Gaming	412,622	Singapore	Unquoted
Guild Esports PLC	51,471	United Kingdom	Quoted
East Side Group (Formerly Leaf Mobile Inc)	17,725	Canada	Quoted
SatoshiPay Limited	4,653,099	United Kingdom	Unquoted
Sthaler Limited	13,600	United Kingdom	Unquoted
Paidia Esports Inc	105,910	Canada	Unquoted
Googly Media Holdings PTE. Limited	37,379	Singapore	Unquoted
	5,291,806		

Details of the merger were announced on 13 March 2024, in which Dynasty has entered into an agreement to acquire the entire assets and business of Googly for a purchase consideration of approximately US\$7.6 million in an all-share acquisition that values the combined entity at US\$15m. In addition, the Company has also been informed that a number of Convertible Loan Note holders in Dynasty also intend to convert post the acquisition and the Company has decided that it will also convert its US\$75,000 Convertible Loan at that point.

Blue Star has been an investor in Dynasty since 2019 and pre the merger with Googly and the conversion of all outstanding Convertible Loan Notes, had a shareholding of approximately 13 per cent. Additionally, the Company had a shareholding of 0.6% of Googly. Post the merger and pre conversion of the Convertible Loan Notes, the Company holds approximately 6.3% of the fully diluted share capital of Dynasty. Assuming all Convertible Loan Notes convert, this holding is expected to fall to around 2.4%.

The methods used to value the 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.

Convertible Loan Note

On 11 October 2019, the Company invested US\$185,000 in convertible loan notes issued by The Dibs Esports Corp. The loan notes carried interest of 5% per annum and had a 36-month life span. In the prior year, after a review conducted by the Directors, the Directors considered that there was doubt as to the recoverability of this asset and fully provided against the amount owed.

Notes to the Financial Statements continued

For the year ended 30 September 2023

12. Trade and other receivables

	2023 £	2022 £
Prepayments	3,044	3,175
Other receivables	3,415	4,897
	6,459	8,072

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

13. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	63,158	86,575
	63,158	86,575

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.

14. Trade and other payables

	2023 £	2022 £
Trade payables	3,750	31,793
Accruals	28,326	33,162
Other payables	—	5,463
	32,076	70,418

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.

15. Share capital

	Issued and fully paid			
	2023 Number	2023 £	2022 Number	2022 £
At 1 October	4,992,772,996	4,892,774	4,992,772,996	4,892,774
Shares issued in the year	—	—	—	—
At 30 September	4,992,772,996	4,892,774	4,992,772,996	4,892,774

During the year ended 30 September 2023 there were no shares issued (2022:NIL).

Notes to the Financial Statements continued

For the year ended 30 September 2023

16. Financial risk management

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.

Market risk

The Company's market risk is attributable to the financial instruments that are held at fair value through profit and loss. 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 profit or loss based on a given movement in the fair value of all the investments.

	2023 £	2022 £
10% increase or decrease in fair value	529,181	1,139,028
20% increase or decrease in fair value	1,058,361	2,278,056
30% increase or decrease in fair value	1,587,542	3,417,083

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.

Notes to the Financial Statements continued

For the year ended 30 September 2023

16. Financial risk management continued

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 2023 are shown below:

	2023		
	EUR £	SGD £	CAD £
Fair value of investments	4,653,099	450,001	123,635

	2022		
	EUR £	SGD £	CAD £
Fair value of investments	4,715,219	5,615,289	136,799

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 and £/Canadian Dollar.

It assumes the following changes in exchanges rates:

- £/EUR +/- 20% (2021: +/- 20%)
- £/SGD +/- 20% (2021: +/- 20%)
- £/CAD +/- 20% (2021: +/- 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:

	2023		
	EUR £	SGD £	CAD £
Increase in fair value of investments	930,620	90,000	24,727

	2022		
	EUR £	SGD £	CAD £
Increase in fair value of investments	943,044	1,123,166	27,360

Notes to the Financial Statements continued

For the year ended 30 September 2023

16. Financial risk management continued

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

	2023		
	EUR £	SGD £	CAD £
Reduction in fair value of investments	(775,517)	(75,000)	(20,606)

	2022		
	EUR £	SGD £	CAD £
Reduction in fair value of investments	(785,870)	(935,971)	(22,800)

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 £66,573 (2022: £91,472)

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.

17. Financial instruments

Set out below is an overview of financial instruments held by the company:

	Note	2023 £	2022 £
Financial assets at fair value through profit and loss			
Investments	11	5,291,806	11,390,278
Cash and cash equivalents	13	63,158	86,575
Total		5,354,964	11,476,853
Financial assets at amortised cost			
Trade and other receivables	12	—	26
Total		—	26
Financial liabilities at amortised cost			
Trade and other payables	14	32,076	70,418
Total		32,076	70,418

Notes to the Financial Statements continued

For the year ended 30 September 2023

17. Financial instruments continued

The fair value measurement of financial assets carried at fair value through profit and loss is set out in the table below:

	Note	Fair value measurement		
		Level 1 £	Level 2 £	Level 3 £
At 30 September 2023				
Investments	11	69,196	—	5,222,610
Total financial assets		69,196	—	5,222,610
At 30 September 2022				
Investments	11	599,482	—	10,790,796
Total financial assets		599,482	—	10,790,796

18. Related party transactions

Sean King was paid his director's fee of £18,000 (2022: £24,000) through Three S Ventures Limited. At the year-end an amount of £3,000 (2022: £2,000) was included within Trade payables.

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

In October 2023, the Company's remaining shareholding in Guild Esports plc was disposed together with the shareholding in East Side Group (Formerly Leaf Mobile). The Company realised £75,486 proceeds from this sale.

In November 2023, the Company invested US\$75,000 in Dynasty through the purchase of a convertible loan note. The Convertible loan note has a two-year expiry period, is non-interest bearing and convertible at a discount of 50 per cent to Dynasty's next funding round.

On 17 January 2024, the Company raised £100,000, before expenses, pursuant to a placing of 100,000,000 new ordinary shares at a price of 0.1p per new ordinary share.

Notice of Annual General Meeting

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, 80 Cheapside, London EC2V 6EE on Wednesday 17 April 2024 at 10.30 a.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 2023.
- 2 To re-elect Anthony Fabrizi 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 £500,000 such authority (unless previously revoked or varied) to expire at the conclusion of the annual general meeting of the Company to be held in 2025, 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.

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

Notice of Annual General Meeting continued

- (ii) the allotment (otherwise than pursuant to subparagraph (i) above) of equity securities up to an aggregate nominal amount of £500,000, and provided that this power shall expire on the conclusion of the next annual general meeting of the Company to be held in 2025, 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 21 March 2024

Notice of Annual General Meeting continued

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 15 April 2024 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 15 April 2024 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 Group, PXS1, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to arrive no later than 10.30 a.m. on 15 April 2024 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), 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 Group (ID RA10) by no later than 10.30 a.m. on 15 April 2024. 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.

Notice of Annual General Meeting continued

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-o' time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut- o' 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 Group by telephone on 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. 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 Group, PXS1, Central Square, 29 Wellington Street, Leeds LS1 4DL. 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.

