BLUE STAR

Annual Report and Financial Statements

for the year ended 30 September 2022

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Directors and Advisors

For the year ended 30 September 2022

Directors	Anthony Fabrizi *(Executive Chairman)* Sean King *(Non-executive Director)* Brian Rowbotham *(Non-executive Director and Company Secretary)*
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	Cairn Financial Advisers LLP 9th floor 107 Cheapside London EC2V 6DN
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 Group 10th Floor, Central Square 29 Wellington Street Leeds LS1 4DL

Chairman's Statement

For the year ended 30 September 2022

Blue Star Capital plc ("the Company" or "Blue Star") provides investors with exposure to a portfolio of geographically diverse quoted and unquoted companies in high-growth, disruptive technology sectors. The current portfolio is heavily weighted towards private investments with over 90% of the portfolio invested in two private companies.

During the period, the Company's Net Asset Value ("NAV") decreased by 10% to £11,414,507 (2021: £12,715,515) with the Company incurring a pre-tax loss of £1,301,008 (2021: profit £2,129,315). The decline in NAV and loss for the year principally reflected the write down of four esports investments and the loss incurred on some of the Company's quoted investments. The Company ended the year with cash of £86,575 and this has been increased subsequently through the sale of some of the Company's quoted investments post year end to a current balance of approximately £179,000. The current value of the quoted investments held by the Company is approximately £147,000

In September 2022 and after my appointment as executive Chairman, the Board set out its strategy for the next two years. The key objective being to manage the current portfolio with the aim of maximising the value of the Company's principal investments. As part of this focus, the Board also announced that it did not intend to make any further investments without first obtaining shareholder approval and to also endeavour to manage the business without any further equity raises. The cost base of the company has also been reduced on an annualised basis by around 20%.

We provide the following portfolio company highlights for the period ended 30 September 2022

Esports

The Esports market, according to Statista, is projected to reach US$1.6bn in 2023 rising to US$2.35bn by 2027 on the back of continued user growth alongside increases in Revenue Per User. China remains the number one market for Esports, followed by the US, South Korea, Germany and the UK.

Our original portfolio of esports companies consisted of eight businesses with Dynasty Media & Gaming being the most significant. In the portfolio review undertaken in September 2022, the Board indicated that it was likely to take a prudent approach to the unquoted esports portfolio businesses and following a detailed review and the lack of any clear progress with certain of these investee companies the decision has been taken to provide in full against three of these investments (The Drops Esports, Diemens Esports and Formation Esports SAS) and to write off in full the Convertible Loan Note to the Dibs Esports Corp. Of the remaining investments, their values are carried by Blue Star as follows; Dynasty, on the basis of its last private fundraising, at approximately £5.6m; Guild is retained at market value; Googly is carried at its most recent fundraising valuation with our shareholding being valued at approximately £65,000 and Paidia esports Inc, our most recent private investment, is retained at cost of approximately £65,300.

Details of the four Esports investments are provided below.

Dynasty Media & Gaming

Dynasty has set out to solve two major challenges that currently exist within the gaming industry. First, large consumer brands know they need to engage with gamers but struggle to do so. Dynasty solves this problem by providing a complete white-label gaming ecosystem including communities, esports, tournaments, rewards and gaming stores. Second, game publishers lack sufficient local resources or distribution partners to maximise specific market opportunities. Dynasty's network, via major telcos and other B2C platforms that will directly connect to hundreds of millions of gamers, provides the scale the game developers seek.

In April 2022 the Company announced that Dynasty had secured three additional multi-year partnership agreements with large-scale organisations. Under the first partnership agreement with Maxis, Malaysia's leading telecoms operator, a Dynasty-built and managed platform was launched to millions of potential customers. The second partnership agreement was signed with Spark, New Zealand's largest telco, which enjoys a dominant market position and premium brand presence. Finally, the third multi-year agreement was secured with Googly, a market-leading Indian group that operates within the digital payments, sports, and media industries.

Chairman's Statement continued

For the year ended 30 September 2022

In October 2022, Dynasty announced that it has signed a distribution agreement with Indosat Ooredoo Hutchison ("IOH"), Southeast Asia's second largest telecommunications company, with almost 100 million subscribers in Indonesia. This agreement will see Dynasty deliver Web3 Play to Earn ("P2E") games, developed by Pioneer Media Holdings Inc, to IOH which will actively promote to their extensive subscriber base. Indonesia is Southeast Asia's leading gaming market, with over 200 million gamers generating nearly US$2 billion in annual gaming revenues. The first P2E title, which has been localised for the Indonesian gaming market, is due to launch in the next few months, and additional titles are planned to be released throughout 2023.

Dynasty has also entered into a 50/50 joint venture in Australia with Lets Play Live ("LPL"). LPL is the regions leading esports tournament organiser and content creator with over 400,000 existing customers and long-term partnerships with the world's leading games publishers. Launching in Australia next month, the platform will instantly become the most significant gaming platform and community in Australia.

It is important to note that all of the above contracts are based on Dynasty's revised business model of a hybrid 'SaaS plus revenue share' model with Dynasty delivering what it describes as a genuine managed service solution.

In summary, Dynasty has signed six contracts and is currently live on three platforms. The Company is in discussions with an increasing number of large organisations excited by Dynasty's offering and expects to announce new large contacts later this year. Against this background, we remain confident that Dyansty is well positioned to achieve significant growth in 2023.

To date, the Company has invested approximately £968,000 in Dynasty and based on Dynasty's valuation of US$50 million in its latest fundraising round in April 2021, the Company's holding in Dynasty is valued at approximately US$6.5 million (approximately £5.6 million).

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. Since its formation, Guild has won 8 major esports tournaments and currently runs five teams across four different games.

In the last financial year, Guild brought in significant revenues through the signing of sponsorship agreements with global brands. Some of Guild's leading brand partners include Bitstamp, one of the world's best-established cryptocurrency exchanges, which signed as Official Cryptocurrency Partner in January 2022, in a three-year deal worth £4.5 million. In August 2022, Guild renewed and expanding its existing deal with Samsung; Samsung Display is now Guild's Official Display Partner and Samsung TV/AV is Guild's Official TV Partner for the UK and Ireland.

Guild's largest sponsorship deal to date was signed with Sky UK Ltd., one of Europe's leading media and entertainment companies. The three-year global sponsorship agreement signed in September 2022 is understood to be one of the largest ever esports sponsorships signed in Europe. Sky is now Guild's Official Premier Partner and has gained exclusive naming rights to Guild's Shoreditch HQ, the Sky Guild Gaming Centre. Guild opened this new HQ in January 2022, providing a state-of-the-art physical space for the Guild Academy and to support other commercial opportunities.

Guild is co-owned by David Beckham, and in September 2022 Guild renegotiated its brand ambassador agreement with Beckham's image rights company, reducing Guild's minimum payment obligations by £7.5m over the next two years. Beckham instead receives 20% of Guild's sponsorship and merchandising revenues, demonstrating his ongoing faith in Guild's business model and ability to attract high-quality sponsors.

At the year end the Company held 21,951,500 shares in Guild with a valuation of £471,957. Subsequently, the Company sold 10 million shares and its shareholding in Guild currently stands at 11,951,500 shares equivalent to approximately 2% of Guild's total issued share capital.

Chairman's Statement continued

For the year ended 30 September 2022

Other Esports investments

The Company's remaining two esports investments are performing in line with management expectations. Googly underwent a major reorganisation in 2021, following which Blue Star's shareholding was reduced to 0.6%. In conjunction with the reorganisation, Googly raised US$2 milllion at a US$10 million valuation placing a value on the Company's shareholding of approximately £65,000. The Googly platform is in beta launch at present and is expected to live shortly. The initial feedback has been very positive. 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 at cost.

Blockchain and decentralised finance

SatoshiPay

SatoshiPay's mission is to connect the world through instant payments. To achieve this ambition, SatoshiPay is initially focussing on building the Pendulum Network Project ("Pendulum") which was established in June 2021.

Pendulum aims to establish the missing link between fiat currency and De-Fi ecosystems through a sophisticated smart contract network. It is intended that the Pendulum network will connect De-Fi to the larger foreign exchange market, aggregating stablecoin liquidity for fiat currencies in liquidity pools of automated market makers ("AMMs"). This technology allows nearly instant foreign exchange with low slippage and fees while eliminating counterparty risks. With AMMs all users are additionally able to provide liquidity in any chosen currency and earn yield from that activity.

Having incubated Pendulum from June 2021, SatoshiPay announced in November 2021, that Pendulum had raised US$5 million in an oversubscribed private sale round of its upcoming PEN token from strategic partners. Since raising these funds Pendulum and SatoshiPay have achieved the following key milestones:

- secured a place on the Berkeley University blockchain Xcelerator program and received a grant from the Web3 Foundation to build a bridge (Spacewalk Bridge) between Stellar and Substrate-based parachains.
- launched a second parachain project, Amplitude, in June 2022 and won a Kusama parachain auction on 4 July 2022, achieving $1.2 million in contributions. Amplitude went live on 11 August 2022 and serves as a testing ground for the future Pendulum parachain, with new features first being rolled out on Amplitude.
- SatoshiPay achieved profitability in the year ended 31 December 2021 and is expected to continue to be profitable in 2022.
- developed close relationships with a number of large crypto organisations such as Web3 Foundation, Parity and Stellar Development Foundation and a growing reputation generally in the blockchain ecosystem.
- SatoshiPay successfully incubated the 0xAmber AMM Project for which it secured 5 per cent of 0xAmber's future tokens. Amber is a novel AMM design for low-risk, single-sided liquidity provision, significantly lower slippage and fees compared to other AMM designs.

Post year end, in late December 2022, Pendulum announced that it had completed a crowdloan and was set to become a Polkadot Parachain. The Campaign was the fastest parachain crowdloan in the history of the Polkadot ecosystem, reaching a hardcap of 300,000 $DOT (approximately £1.14 million) in approximately three minutes. The Campaign marked the highest auction hardcap since May 2022 in the Polkadot ecosystem and is seen as a demonstration of the strong support and enthusiasm for Pendulum's integration into this ecosystem.

Chairman's Statement continued

For the year ended 30 September 2022

In February 2023, Pendulum announced it was now live on the Polkadot mainnet. The mainnet launch is the first phase of a three phase Pendulum launch roadmap and marks a significant milestone for both the project and its community. Phase two will be the token transfer event that allows for the transfer of tokens. The availability of the PEN token on exchanges will be achieved in the third phase. This third step is crucial because it will allow new users to access and utilise the Pendulum blockchain. Pendulum also announced that it was its intention to complete the launch roadmap by March 2023.

Outside of Pendulum and its linked business opportunities, SatoshiPay owns 100% of Dtransfer which was established in 2019 as a cross-border payment solution on blockchain. The directors of SatoshiPay believe the money transfer market is primed for disruption and the launch of Pendulum is an important step in SatoshiPay entering this market. SatoshiPay plan on reinvigorating their efforts with Dtransfer once the Pendulum launch is successfully completed.

The successful incubation of Pendulum followed by 0xAmber.com (formerly: Amber.com) provides the board of SatoshiPay with confidence that they are well positioned to incubate other DeFi applications with a stablecoin, foreign exchange or business focus.

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 £4.72 million. It has been the Board's view for some time that the valuation of SatoshiPay may have increased significantly since the last fund raise in 2019. In order to assess the market value of SatoshiPay the Board of Blue Star is looking to carry out a formal sales process at an appropriate time in the next twelve months which may lead to the sale of all or part of its 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.

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).

During the period under review, Sthaler secured partnerships in Australia, Poland, UK and Egypt in the following sectors: general retail, healthcare and gaming. Nick Dryden, the founder, has changed roles, moving to Executive Chairman and Billy Dally, formerly of Goldman Sachs and Dubai Holdings, has been appointed Chief Executive officer.

Blue Star's shareholding in Sthaler is approximately 0.7% at 30 September 2022 and is valued on the basis of Sthaler's last completed fundraise, valuing Blue Star's holding at approximately £394,412, compared with a cost of £50,000.

East Sides Games ("ESG")

ESG is a leading creator of free to play mobile games and owns a number of successful games titles. In January 2022, ESG announced a multi-year partnership with BBC Studios, the commercial subsidiary of the global British Broadcasting Corporation ("BBC"), for the worldwide release of a free-to-play mobile title based on the Doctor Who franchise.

In April 2020, Blue Star invested approximately £57,000 into ESG, formerly known as LEAF, at a price of CAD$1.60 per consolidated share (following a 10:1 share consolidation which occurred in July 2021), prior to listing the shares on the TSX Venture Exchange. ESG's shares traded at CAD$1.75 as of 30 September 2022, valuing Blue Star's holding at approximately £71,400.

Chairman's Statement continued

For the year ended 30 September 2022

NFT Investments plc

The Company held 5,750,000 shares in NFT Investments plc which at the period end were valued at approximately £57,000 and, as part of the Company's strategy of selling non-core investments, these were sold on 14 November 2022.

Outlook

The Company has set out a clear strategy for maximising shareholder value over the next two years and is focused on achieving the key objectives it has set. The two key investments are well positioned to deliver on their strategies, and we will continue supporting them wherever possible. While Blue Star is a long-term shareholder, we must consider the most appropriate time to exit our investments and this will be a key consideration in the next twelve months. Overall, we believe the portfolio has significant upside and look forward to working with our portfolio companies to realise this value.

Anthony Fabrizi
Executive Chairman

7 March 2023

Chairman's Corporate Governance Statement

For the year ended 30 September 2022

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 6 March 2023.

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

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

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

The Board intends to deliver shareholder returns through capital appreciation. Challenges to delivering strategy, long-term goals and capital appreciation are an uncertainty in relation to organisational, operational, financial and strategic risks, all of which are outlined in the 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.

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

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2022

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 of 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 Brian Rowbotham (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 2022

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	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. As such the Board intends to dispose of the existing listed investments to provide sufficient working capital to run the business. 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 detailed due diligence carried out coupled with the Board's knowledge and expertise give us confidence that we will continue to identify potential investments. In addition, the Board has recently 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 consists of three directors, the executive Chairman and two non-executive Directors, of which Brian Rowbotham is a senior, independent Non-executive Director. The Board maintains that the Board's compositions will be frequently reviewed as the Company develops.

The Company has in place two committees, the Audit and Remuneration Committees. The Directors of the Company are committed to sound governance of the business and each devotes sufficient time to ensure this happens. The Board holds at least 6 Board meetings per year and at least two committee meetings.

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2022

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.

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

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

Brian Rowbotham, Senior Independent Non-executive Director. Chair of Audit and Remuneration Committees

Appointed on 8 February 2021.

Brian Rowbotham qualified as a Chartered Accountant with Deloitte and Touche and is a Fellow of the Institute of Chartered Accountants in England and Wales. His early career in the City included roles at Save & Prosper and F&C Management Ltd. In 1997 he joined Teather & Greenwood where, as a partner and then Finance Director, he was involved in the company's flotation on AIM and subsequent move to the Official List.

Brian also ran his own consultancy specialising in turnarounds and start-ups until joining Hichens, Harrison & Co. plc in January 2005. Hichens Harrison was sold to Religare Enterprises in May 2008 and Brian subsequently stepped down from its Board in October 2008 remaining as a consultant. He holds a number of other board positions.

Sean King, Non-executive Director

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.

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2022

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

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

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

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

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.

Chairman's Corporate Governance Statement continued

For the year ended 30 September 2022

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.

Audit Committee

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

7 March 2023

Strategic Report

For the year ended 30 September 2022

The Directors present their strategic report on the Company for the year ended 30 September 2022.

Review of Business and Analysis Using Key Performance Indicators

The full year's loss was £1,301,008 compared to a profit of £2,129,315 for the year ended 30 September 2021.

Net assets have decreased to £11,414,507 at 30 September 2022, changing from £12,715,515 at 30 September 2021.

The cash position at the end of the year decreased to £86,575 from £296,106 as at 30 September 2021.

During the year, there was a fair value decrease in the company's investment assets of, £445,223 (2021: £2,459,412 gain). 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 2022. The main KPIs for the Company are listed as follows:

	2022	2021
Valuation of investments	£11,390,278	£12,367,204
Cash and cash equivalents	£86,575	£296,106
Net current assets	£24,229	£197,465
(Loss)/Profit before tax	(£1,301,008)	£2,129,315

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, and a 13% stake in Dynasty, both of which investments the Board believes represents rare opportunities to generate significant shareholder value.

Strategic Report continued
For the year ended 30 September 2022

Policy in relation to gearing

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

Returns and distribution policy

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

Life of the Company

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

Future developments

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

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 2022

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

7 March 2023

Directors' Report

For the year ended 30 September 2022

The Directors present their report together with the audited financial statements for the year ended 30 September 2022.

Results and dividends

The trading results for the year ended 30 September 2022 and the Company's financial position at that date are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend for the year (2021: £nil).

Principal activities and review of the business

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

Directors serving during the year

Anthony Fabrizi	*Appointed on 16 September 2022*
Brian Rowbotham	
Sean King	
Derek Lew	*Resigned on 16 September 2022*

On 16 September 2022, Anthony Fabrizi was appointed as Executive Chairman and Derek Lew resigned.

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 2022		30 September 2021	
	Number of ordinary Shares	Warrants	Number of ordinary Shares	Warrants
Anthony Fabrizi	—	—	77,000,000	—
Sean King	18,250,000	—	18,250,000	—
Derek Lew	211,527,778	—	211,527,778	—
Brian Rowbotham	—	—	—	—

Following the year-end, 170,000,000, 30,000,000, and 50,000,000 warrants were granted to the Directors Anthony Fabrizi, Sean King and Brian Rowbotham respectively (see note 22).

Significant shareholders

As at 24 February 2023, 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	11.67%
Mark White	377,204,275	7.56%
Pioneer Media Holdings Inc	322,916,333	6.47%
Derek Lew	211,527,778	4.24%
Paniolo Ventures Limited	208,333,333	4.17%
K Rattan	150,000,000	3.00%

Directors' Report continued
For the year ended 30 September 2022

Related party transactions

Related party transactions and relationships are disclosed in note 19.

Going concern

The Company has reported a loss for the year excluding fair value loss on the valuation of investments and foreign exchange movements of £855,785.

The Company had cash reserves at the year-end of £86,575 and a portfolio of investment companies which include listed investments. The Directors have prepared a cashflow forecast which indicates that additional funds will be required during the year to continue to operate as per the forecast. These funds will be raised through the sale of its listed investments, some of which were sold in November 2022 raising £189,571. As set out in the Strategic Report, if necessary, the Board will also consider the need to raise additional funds by a further issue of new Ordinary shares.

The Directors therefore consider that the Company 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; they have therefore prepared the financial statements on a going concern basis.

Events after the reporting date

Events after the reporting date are disclosed in note 22.

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

7 March 2023

Statement of Directors' Responsibilities

For the year ended 30 September 2022

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; and
- 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 for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including 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 2022 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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.

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 to continue its activities as budgeted. If the Company is not successful in disposing of investments to raise funds, this may cast significant doubt on the Company's ability to continue as a going concern.

As set out in the post balance sheet event note, a disposal of an investment has already been achieved since the balance sheet date. Further disposals are forecast by the Board.

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.

Independent Auditor's Report continued
to the members of Blue Star Capital Plc

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 listed and unlisted investments.

How our audit addressed the area of focus

We considered the ownership 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.

Key observations

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

- **Going concern**

Area of focus

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

How the matter was addressed

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

We considered the cash position at the year end, the value of listed investments and the need for additional funding during the forthcoming year.

Key observations

The Company is reliant on raising additional funds during the forthcoming year. The Company has the ability and plans to dispose of investments to generate additional funds. Our conclusion on management's use of the going concern basis of accounting is included in the going concern section of our report, above.

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.

Materiality was set at £115,000 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.

Independent Auditor's Report continued
to the members of Blue Star Capital Plc

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, the recognition and valuation of digital assets 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 2022.

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.

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, 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.

Independent Auditor's Report continued
to the members of Blue Star Capital Plc

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.

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 Director's 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.

Independent Auditor's Report continued

to the members of Blue Star Capital Plc

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: 7 March 2023

Statement of Comprehensive Income

For the year ended 30 September 2022

	Note	2022 £	2021 £
Revenue		—	—
Loss on disposal of investments		(338,836)	—
Fair valuation movements in financial instruments designated at fair value through profit or loss	11	(445,223)	2,459,412
		(784,059)	2,459,412
Administrative expenses	3	(517,003)	(337,304)
Operating (loss)/profit	4	(1,301,062)	2,122,108
Finance income	5	54	7,207
(Loss)/Profit before and after taxation and total comprehensive income for the year		(1,301,008)	2,129,315
(Loss)/Profit per ordinary share:			
Basic earnings per share on (loss)/profit for the year	10	(0.03p)	0.05p
Diluted earnings per share on (loss)/profit for the year	10	(0.03p)	0.05p

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

Statement of Financial Position

For the year ended 30 September 2022

	Note	2022 £	2021 £
Non-current assets			
Financial assets at fair value through profit or loss	11	11,390,278	12,367,204
Convertible loan note	12	—	150,846
Total non-current assets		11,390,278	12,518,050
Current assets			
Trade and other receivables	13	8,072	135,501
Cash and cash equivalents	14	86,575	296,106
Total current assets		94,647	431,607
Total assets		11,484,925	12,949,657
Current liabilities			
Trade and other payables	15	70,418	234,142
Total liabilities		70,418	234,142
Net assets		11,414,507	12,715,515
Shareholders' equity			
Share capital	16	4,892,774	4,892,774
Share premium account		9,575,072	9,575,072
Other reserves		—	—
Retained earnings		(3,053,339)	(1,752,331)
Total shareholders' equity		11,414,507	12,715,515

The financial statements were approved by the Board, authorised for issue on 7 March 2023 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 2022

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Year ended 30 September 2021					
At 1 October 2020	4,133,251	9,074,957	143,210	(4,024,856)	9,326,562
Profit for the year and total comprehensive income	—	—	—	2,129,315	2,129,315
Shares issued in year	759,523	500,115	—	—	1,259,638
Exercise of warrants	—	—	(54,704)	54,704	—
Lapse of warrants	—	—	(88,506)	88,506	—
At 30 September 2021	4,892,774	9,575,072	—	(1,752,331)	12,715,515
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

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 2022

	Note	2022 £	2021 £
Operating activities			
(Loss)/profit for the year		(1,301,008)	2,129,315
Adjustments:			
Finance income	5	(54)	(7,207)
Fair value losses/(gains)		445,278	(2,454,053)
Impairment of convertible note	12	150,846	—
Loss on disposal of investments		338,836	—
Working capital adjustments			
Decrease/(Increase) in trade and other receivables		127,429	(132,833)
(Decrease)/Increase in trade and other payables		(163,725)	206,256
Net cash used in operating activities		(402,398)	(258,522)
Investing activities			
Proceeds from sale of investments		192,867	—
Purchase of investments		—	(844,360)
Interest received		—	7,183
Net cash from/(used by) investing activities		192,867	(837,177)
Financing activities			
Proceeds from issue of equity		—	1,259,638
Net cash generated from financing activities		—	1,259,638
Net (decrease)/increase in cash and cash equivalents		(209,531)	163,939
Cash and cash equivalents at start of the year	14	296 106	132,167
Cash and cash equivalents at end of the year	14	86,575	296 106

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

Notes to the Financial Statements

For the year ended 30 September 2022

1. Accounting policies

General information

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

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

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

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 European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

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 and foreign exchange movements of £855,785.

The Company had cash reserves at the year-end of £86,575 and a portfolio of investment companies which include listed investments. The Directors have prepared a cashflow forecast which indicates that additional funds will be required during the year to continue to operate as per the forecast. These funds will be raised through the sale of its listed investments, some of which were sold in November 2022 raising £189,571. If necessary, the Board will also consider the need to raise additional funds by a further issue of new Ordinary shares.

The Directors therefore consider that the company 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; they have therefore prepared the financial statements on a going concern basis.

Notes to the Financial Statements continued

For the year ended 30 September 2022

1. Accounting policies continued

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 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards/interpretations	Application
IFRS 7	*Financial Instruments: Disclosure.* Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	*Financial Instruments* Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	*Leases* Amended by Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
IAS 39	*Financial Instruments: recognition and measurement* Amendments regarding replacement issues in the context of the IBOR reform

New standards, amendments and interpretations not yet adopted

Standards/interpretations	Application	Effective date
IFRS 3	*Business combination* Amendments updating a reference to the Conceptual Framework.	01/01/2022
IFRS 16	*Leases* Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	01/01/2024
IAS 1	*Presentation of Financial Statements* Amendments regarding the classification of liabilities Amendments regarding the disclosure of accounting policies Amendments regarding the disclosure of accounting policies	 01/01/2024 01/01/2023 01/01/2024
IAS 8	*Accounting policies, Changes in Accounting Estimates and Errors* Amendments regarding the definition of accounting estimates	01/01/2023
IAS 10	*Events after the reporting date* Amendments resulting from Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023
IAS 12	*Income Taxes* Amendments resulting from Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023
IAS 16	*Property, Plant and Equipment* 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.	01/01/2022
IAS 37	*Provision, Contingent Liabilities, Contingent Assets* Amendments regarding the costs to include when assessing whether a contract is onerous	01/01/2022

Notes to the Financial Statements continued

For the year ended 30 September 2022

1. Accounting policies continued

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.

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;

   IV. On a net asset basis, again applying a discount to reflect the illiquidity of the investment; or

   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.

Notes to the Financial Statements continued

For the year ended 30 September 2022

1. Accounting policies continued

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

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

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

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

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

Cash and cash equivalents

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

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

Financial liabilities

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

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include:

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

Finance income

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

Operating loss

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

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 2022

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, it's 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 2022

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.

3. Nature of expenses

	2022 £	2021 £
Directors remuneration	156,750	117,667
Legal and professional fees	164,330	144,520
Impairment of convertible note	150,846	—
Foreign exchange movement on convertible loan note	—	12,519
Other expenses	45,077	62,598
	517,003	337,304

4. Operating (loss)/profit

	2022 £	2021 £
This is stated after charging:		
Auditor's remuneration – statutory audit fees	14,275	14,100

Notes to the Financial Statements continued

For the year ended 30 September 2022

5. Finance income

	2022 £	2021 £
Interest received on short term deposits	54	24
Interest receivable on convertible loan note	—	7,183
	54	7,207

6. Share based payments

Share warrants

	2022		2021	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at the beginning of the year	0.25	591,666,667	0.21	1,448,333,333
Lapsed during year	0.25	(591,666,667)	0.17	(428,333,333)
Exercised during the year	—	—	0.16	(428,333,333)
Outstanding at the end of the year	—	—	0.25	591,666,667

At 30 September 2022, the Company had no warrants in issue.

The contracted average remaining life of warrants at 30 September 2021 was 0.1 years.

7. Staff costs, including Directors

	2022 £	2021 £
Wages and salaries	107,750	42,667
Share-based payments	—	50,000
Social security costs	—	7,130
	107,750	99,797

During the year the Company had an average of 3 employees who were management (2021: 3). The employees are Directors and key management personnel of the Company.

Notes to the Financial Statements continued

For the year ended 30 September 2022

8. Directors' and key management personnel

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

Directors' remuneration for the year ended 30 September 2021 is as follows:

	Salary	Fees	Share based payments	Compensation for loss of office	Total 2021
A Fabrizi	26,667	—	—	25,000	51,667
D Lew	—	—	50,000	—	50,000
B Rowbotham	16,000	—	—	—	16,000
S King	—	24,000	—	—	24,000
	42,667	24,000	50,000	25,000	141,667

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

9. Taxation

The tax assessed on loss before tax for the year differs to the applicable rate of corporation tax in the UK for small companies of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/Profit before tax	(1,301,008)	2,129,315
Profit) before tax multiplied by effective rate of corporation tax of 19% (2021:19%)	(247,191)	404,570
Effect of:		
Loss on disposal of investments	64,379	—
Fair value (loss)/gain on investments	84,721	(526,765)
Capital losses	(18,862)	—
Capital allowances	(168)	(204)
Expenses not deductible for tax purposes	—	36
Losses carried forward	117,121	122,363
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 2022 is £81,058.

On 10 June 2021, the UK Government's proposal to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted into UK law.

Notes to the Financial Statements continued

For the year ended 30 September 2022

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:

	2022	2021
Basic:		
(Loss)/Profit for the financial period	(1,301,008)	2,129,315
Weighted average number of shares	4,992,772,996	4,617,745,344
(Loss)/Earnings per share (pence)	(0.03)	0.05
Fully Diluted:		
(Loss)/Profit for the financial period	(1,301,008)	2,129,315
Weighted average number of shares	4,992,772,996	4,617,745,344
(Loss)/Earnings per share (pence)	(0.03)	0.05

As at the end of the financial period ended 30 September 2022, there were no share warrants in issue, which had an anti-dilutive effect on the weighted average number of shares.

11. Investments

Investments	2022 £	2021 £
At start of year	12,367,204	9,063,432
Additions	—	844,360
Disposals	(531,703)	—
Net fair value (loss)/gain for the year	(445,223)	2,459,412
At end of year	11,390,278	12,367,204

During the year the Company reduced it's 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 £338,836. The Company also impaired its smaller unquoted esports investments.

Quoted Investments	2022 £	2021 £
Quoted investments (as previously stated)	599,482	1,672,929
Transfer from unquoted	—	247,500
Quoted investments (as restated)	599,482	1,920,429

Unquoted Investments	2022 £	2021 £
Unquoted investments (as previously stated)	10,790,796	10,694,275
Transfer to quoted investments	—	(247,500)
Unquoted investments (as restated)	10,790,796	10,446,775

Notes to the Financial Statements continued

For the year ended 30 September 2022

11. Investments continued

The comparative figures for quoted and unquoted investments has been restated as a quoted investment had previously been miscategorised under quoted investments.

The country of incorporation for all investments held at 30 September 2022 are listed below:

	£	Country of Incorporation
Dynasty Media & Gaming	5,550,322	Singapore
Guild Esports PLC	471,957	United Kingdom
East Side Group (Formerly Leaf Mobile Inc)	71,462	Canada
SatoshiPay Limited	4,715,219	United Kingdom
Sthaler Limited	394,412	United Kingdom
NFT Investments PLC	56,063	United Kingdom
Paidia Esports Inc	65,337	Canada
Googly Media Holdings PTE. Limited	65,506	Singapore
	11,390,278	

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 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.

12. Convertible loan note

	2022 £	2021 £
Convertible loan note	—	150,846
	—	150,846

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.

After a review conducted by the Directors, the Directors considered that there was doubt as to the recoverability of this asset and have fully provided against the amount owed.

Notes to the Financial Statements continued

For the year ended 30 September 2022

13. Trade and other receivables

	2022 £	2021 £
Prepayments	3,175	771
Other receivables	4,897	134,730
	8,072	135,501

In the prior year, included within other receivables was a £122,507 receivable in respect of exercise of warrants. This amount was received during the current year.

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

14. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	86,575	296,106
	86,575	296,106

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

15. Trade and other payables

	2022 £	2021 £
Trade payables	31,793	13,948
Accruals	33,162	14,731
Other payables	5,463	205,463
	70,418	234,142

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

Notes to the Financial Statements continued

For the year ended 30 September 2022

16. Share capital

	Issued and fully paid			
	2022 Number	2022 £	2021 Number	2021 £
At 1 October	4,992,772,996	4,892,774	4,233,249,519	4,133,251
Shares issued in the year	—	—	759,523,477	759,523
At 30 September	4,992,772,996	4,892,774	4,992,772,996	4,892,774

During the year ended 30 September 2022 there were no shares issued.

During the year ended 30 September 2021 the following shares were issued:

	Number	£	Issue price per share
9 November 2020	95,000,000	95,000	0.1p
16 April 2021	585,079,032	1,023,888	0.175p
5 May 2021	34,444,445	62,000	0.18p
5 May 2021	45,000,000	78,750	0.175p
	759,523,477	1,259,638	

17. 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.

	2022 £	2021 £
10% increase in fair value	1,139,028	1,236,720
10% decrease in fair value	1,035,480	1,124,291
20% increase in fair value	2,278,056	2,473,441
20% decrease in fair value	1,898,380	2,061,200
30% increase in fair value	3,417,083	3,710,161
30% decrease in fair value	2,628,526	2,853,970

Notes to the Financial Statements continued

For the year ended 30 September 2022

17. Financial risk management continued

Borrowing facilities

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

Liquidity risks

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

Foreign currency risk management

The Company undertakes certain transactions denominated in currencies other than pound sterling, hence exposures to exchange rate fluctuations arise. The fair values of the Company's investments that have foreign currency exposure at 30 September 2022 are shown below.

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

	2021			
	EUR £	SGD £	CAD £	AUD £
Fair value of investments	4,609,226	4,826,405	324,315	139,449

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

It assumes the following changes in exchanges rates:

– £/EUR +/- 20% (2021: +/- 20%)

– £/SGD +/- 20% (2021: +/- 20%)

– £/CAD +/- 20% (2021: +/- 20%)

– £/AUD +/- 20% (2021: +/- 20%)

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

Notes to the Financial Statements continued

For the year ended 30 September 2022

17. Financial risk management continued

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

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

	2021			
	EUR £	SGD £	CAD £	AUD £
Increase in fair value of investments	921,845	935,971	64,863	27,890

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

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

	2021			
	EUR £	SGD £	CAD £	AUD £
Reduction in fair value of investments	(768,204)	(804,401)	(44,236)	(23,242)

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 £94,647 (2021: £431,607)

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.

Notes to the Financial Statements continued

For the year ended 30 September 2022

18 Financial instruments

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

	Note	2022 £	2021 £
Financial assets at fair value through profit and loss			
Investments	11	11,390,278	12,367,204
Cash and cash equivalents	14	86,575	296,106
Total		**11,476,853**	**12,663,310**
Financial assets at amortised cost			
Trade and other receivables	13	8,072	135,501
Convertible loan note	12	—	150,846
Total		**8,072**	**286,347**
Financial liabilities at amortised cost			
Trade payables	15	31,793	13,948
Other payables	15	5,463	205,463
Total		**37,256**	**219,411**

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

		Fair value measurement		
	Note	Level 1 £	Level 2 £	Level 3 £
At 30 September 2022				
Investments	11	599,482	—	10,790,796
Total financial assets		**599,482**	**—**	**10,790,796**
At 30 September 2021				
Investments	11	1,920,429	—	10,446,775
Convertible loan note	12	—	—	150,846
Total financial assets		**1,920,429**	**—**	**10,597,621**

Notes to the Financial Statements continued

For the year ended 30 September 2022

19. Related party transactions

The Company had a 4.23% investment in Guild Esports plc at year-end. Derek Lew, previously a director of the Company, is also a non-executive director of Guild Esports plc. The Company also has a 0.08 % investment in Leaf Mobile Inc where Derek Lew is a non-executive director.

Sean King was paid his directors fees of £24,000 (2021: £24,000) through Three S Ventures Limited. At the year-end an amount of £2,000 (2021: £nil) was included within Other payables and an amount of £2,000 (2021: £nil) was included within Trade payables.

Prior to Anthony Fabrizi's appointment as Executive Chairman, fees of £15,000 were paid to him in respective of consultancy services provided to the Company.

20. Operating lease commitments

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

21. Ultimate Controlling Party

The Company considers that there is no ultimate controlling party.

22. Post Balance Sheet Events

On 30 January 2023 the Company granted the following warrants to the directors, with an exercise period of 3 years.

	Number of warrants granted	Exercise price
Anthony Fabrizi	140,000,000	0.35p
	30,000,000	0.45p
Brian Rowbotham	40,000,000	0.35p
	10,000,000	0.45p
Sean King	20,000,000	0.35p
	10,000,000	0.45p

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 Friday 31 March 2023 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 2022.

2 To re-elect Anthony Fabrizi as a director of the Company who being eligible o'ers 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 2024, 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 o'ers or agreements as if the authority conferred hereby had not expired.

Special Resolution

6 That, subject to the passing of Resolution 4, 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 4 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 20, save that the Company may make an o'er 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 o'er as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Brian Rowbotham
Company Secretary

Registered Office:
Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

Dated 7 March 2023

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 29 March 2023 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 29 March 2023 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 the meeting provided that each proxy is appointed to exercise rights attached to a di'erent 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 o+ces of the Company's registrars being Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to arrive no later than 10.00 a.m. on 29 March 2023 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 29 March 2023. 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.

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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, 10th Floor, 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.

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