

7 October 2024

Blue Star Capital plc

("Blue Star" or the "Company")

Investment Portfolio Review and Trading Update

Blue Star Capital plc (AIM: BLU), the investing company with a focus on esports and blockchain and its applications within gaming and payments, provides the following update on its portfolio companies and the outlook on the Company's current strategy.

Portfolio Review

SatoshiPay Limited ("SatoshiPay")

In its half yearly report dated 27 June 2024, the Company announced that SatoshiPay was incubating a complimentary de-fi project to Pendulum and Nabla, that is called Vortex. Vortex's business model is built around enabling easy to complete currency conversions and bank transfers with ultra-low costs and no hidden fees. Vortex achieves this with a stablecoin-optimised decentralized exchange together with local-currency on and offramp partners. By leveraging chain abstraction, Vortex offers a fluid user experience across different blockchain ecosystems. Vortex builds on top of Nabla technology and uses Pendulum infrastructure for providing its service to users of various blockchains, e.g. Polygon.

The Board's belief is that a successful launch and fund raise for Vortex should significantly improve the perception and value of SatoshiPay and its portfolio of connected de-fi businesses. As a result, the sales process for SatoshiPay has been suspended until Vortex is launched and the value to SatoshiPay can be more clearly demonstrated to, and better understood by, investors. Vortex is already operational and SatoshiPay is currently in the process of sourcing funding for Vortex. Current interest in Vortex appears strong but there is no guarantee that Vortex will secure the additional funding needed to fully launch and exploit its market opportunity.

The Company holds a 27.9 per cent. stake in SatoshiPay, and SatoshiPay has an interest of 5.5 per cent. of Pendulum's PEN tokens and a 5.1 per cent position in future Nabla tokens. In the event that SatoshiPay raises further funds by way of issuing equity, the Company's percentage shareholding will likely be reduced and revalued.

Dynasty Gaming & Media Pte Ltd ("Dynasty")

On 16 July 2024 the Company provided an update on Dynasty and its 100% acquisition of Lets Play Live ("LPL"). LPL is the largest gaming tournament operator and broadcaster in Oceania, and the fastest growing in Southeast Asia.

Following the acquisition, Dynasty will consolidate its three platforms, LPL, Googly, and Lightning Dragon into one single platform brand, letsplaylive, and will rename the company to Letsplaylive Media Pte Ltd, following the company's pivot from a B2B to a B2C model.

Aligning to a recognised platform brand in the industry will assist the company with its regional and global reach, prospective partnerships and gaming community recognition. The company anticipates this change to take effect during October 2024, coinciding with significant marketing activity and on-platform events.

Recent operational highlights include:

Spark Game Arena Live ("SGAL")

Via Dynasty's LPL brand, it has created and delivered New Zealand's largest ever gaming event, SGAL. This was a 10-week project that culminated in a live physical event on 7 September 2024 at Spark Arena, the country's largest indoor stadium, with a total prize pool of NZ 240,000. Sponsors of the event included LG, Logitech, Visa, Red Bull, Xbox, PlayStation, McClaren and many more. Almost all the major global games publishers were represented at SGAL. Dynasty is currently finalising agreements to produce two further events in both New Zealand and Australia, during 2025.

Publisher Partnerships

Dynasty is in the final stages of contract negotiations for multi-year regional agreements with several large/recognisable publishers in the gaming industry and anticipate the contract details will be signed and finalised in the near future.

Blue Star has a shareholding of approximately 2 per cent. of Dynasty.

Paidia Esports Inc ("Paidia")

Paidia, an all-women's esports business, has seen a significant interest in its e-gaming tournament hosting software Paidia Bot, which assists in creating channels, roles and a tournament web page. Paidia Bot is currently installed on 2,000 Discord servers as a beta program, reaching over 60,000 active users. Downloads of the application have increased significantly in recent months demonstrating strong organic market demand with minimal marketing spend or campaigns executed by the company. Paidia anticipates becoming cash flow positive by February 2025.

The Company's shareholding in Paidia is currently valued at approximately £105,000.

Sthaler Limited ("Sthaler")

Sthaler continues to work with a number of international partners on identified customer projects alongside UK domestic strategic opportunities. Having raised funds earlier this year, Sthaler's management are satisfied that they are making good progress toward securing a major enterprise sized project with sustainable recurring revenue.

The Company's shareholding in Sthaler is currently valued at approximately £15,000.

Outlook

The Board remains encouraged by the anticipated launch of Vortex, however the Board also recognises that SatoshiPay has an ongoing working capital requirement and the funding needed to launch Vortex fully has yet to be finalised. The Company's ongoing future and viability is inextricably aligned with SatoshiPay with approximately 90 per cent. of the last announced NAV based on SatoshiPay's carrying value. Should SatoshiPay fail to complete the delivery of Vortex, the carrying value associated with Blue Star's stake in SatoshiPay would be significantly reduced, and the NAV per share of the Company would be impacted accordingly.

It is the Board's intention to continue to pursue the strategy announced in September 2002; to explore the possibility of realising the assets of the Company and seek the exit of the remainder of its investment portfolio, including the sale of its stake in SatoshiPay. As previously announced, the Board has been carefully monitoring the Company's cash position with the hope of reaching a position of greater certainty regarding SatoshiPay's value. Given these circumstances, it is the view of the Board that further time is needed before making any decision regarding the Company's future. A further announcement will be made once the Board has clarity on the Vortex token sale.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation. The Directors of the Company take responsibility for this announcement.

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About Blue Star

Blue Star is an investing company with a focus on new technologies. Blue Star's investments include SatoshiPay Limited, an incubator and service provider to de-fi businesses using blockchain technology; Dynasty Gaming & Media Pte. Ltd., whose B2B white label platform is a full-stack gaming ecosystem; Paidia, a female focussed gaming platform; and Sthaler Limited, an identity and payments technology business which enables a consumer to identify themselves and pay using just their finger.

Forward looking statement disclaimer

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

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