

30 June 2022

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

Half-Yearly Results

Half-yearly Results for the Six Months Ended 31 March 2022

Blue Star Capital (AIM: BLU), the investing company with a focus on esports, technology and its applications within media and gaming, announces its half-yearly results for the six months ended 31 March 2022.

Financial Highlights:

- Decrease in the mark-to-market value of the portfolio, as of 31 March 2022, of £937,941 (1H21: £19,684 decrease) resulting in Net Assets of £11,718,709 (FY21: £12,715,515)
- Net Cash, as of 31 March 2022, of £113,416 (FY21: £296,106)

For further information, please contact:

Blue Star Capital plc
Derek Lew

Via Vox Markets

Cairn Financial Advisers LLP (Nominated Adviser)
Jo Turner / Liam Murray

+44 (0) 20 7213 0880

Stanford Capital Partners Limited (Broker)
Patrick Claridge / John Howes / Bob Pountney

+44 (0) 20 3650 3650

Vox Markets
Kat Perez

bluestarcapital@voxmarkets.co.uk
www.VoxMarkets.co.uk/listings/LON/BLU

About Blue Start Capital

Blue Star Capital plc ("the Company" or "Blue Star") provides investors with exposure to a global portfolio of quoted and unquoted companies that operate at the leading edge of high-growth and disruptive technology sectors.

Our portfolio focuses on new technologies particularly in the areas of esports, decentralised finance and blockchain. Our current portfolio consists of 11 innovative, disruptive, global businesses where eight have a focus on the rapidly growing esports and mobile gaming markets, two working across the fields of decentralised finance and payments and one in the area of Non-Fungible Tokens.

Chairman's Statement

It was a productive period for our portfolio of investee companies and below I provide the following portfolio company highlights, inclusive of updates, for the six-month period ended 31 March 2022 and any subsequent developments.

Esports and Mobile Gaming

Esports

According to Newzoo, the games market analytics company, there are now more than 2.7 billion gamers globally, with gaming overtaking social media as the largest consumption of screen time in most developed markets.

By 2023, Newzoo predicts the games market will be worth \$200.8 billion per annum, with the number of players worldwide surpassing the three-billion mark.

Guild Esports plc ("Guild")

Since September 2021, Guild has achieved several operational milestones attracting strategic partnerships with major brands such as Selfridges London, Samsung Electronics UK, Sony's PlayStation and Bitstamp, the world's longest-running crypto exchange.

In October 2021, Guild successfully launched Apex Legends Team to compete in the Apex Legends Global Series and achieved success winning two new trophies. In November 2021, Guild won its fourth major esports trophy after one of its Fortnite players won first place in the Fortnite Champion Series Grande Royale and a fifth trophy at a later Fortnite series during the year.

In June 2022, Guild opened a new HQ in Shoreditch, located at the heart of the capital's booming technology hub. It will also be the home for its global esports Guild Academy. The academy will provide state-of-the-art training facilities for gamers and is expected to deliver additional commercial opportunities for Guild including content sponsorship and naming rights for the building itself.

Guild has several potentially significant sponsorship deals with tier 1 brands at advanced stages of negotiations and, whilst there is no certainty when these prospects may get signed, the board of Guild remains confident of its overall new business plans for 2022.

To date, the Company has invested approximately £706,000 in Guild for 5.95% of Guild's total issued share capital. During the period the Guild share price decreased from 5.1p per share to 1.95p, resulting in a fair value decrease of the holding of approximately £915,000 to £646,076 as of 31 March 2022.

Dynasty Gaming and Media ("Dynasty")

Dynasty, the leading mass-market, white label B2B gaming and media platform ecosystem, secured three additional multi-year partnership agreements during the period.

These partnership agreements, with large-scale organisations, include Malaysia's leading telecoms operator, New Zealand's largest telco and a market-leading Indian company, include both fixed licence fees up front and ongoing managed services revenue share terms over the term of the license.

Long-term investors will recall Dynasty's initial business model was a typical 'SaaS' structure based on collecting monthly licence fees over a minimum 24-month contract. However, going forward, the business has adopted a hybrid 'SaaS plus revenue share' model with Dynasty delivering what it describes as a genuine managed service solution.

Under the new commercial model, Dynasty anticipates that the revenue share component will contribute more than 85% of its total revenue within the next 12 months. The company remains in dialogue with all parties regarding a potential listing of the company's shares on the Australian Stock Exchange ("ASX"). However, there are several interesting discussions ongoing that could potentially that may lead a different outcome to an IPO on the ASX. We remain reassured that the board of Dynasty will continue to act on the best interests of all its shareholders.

To date, the Company has invested approximately £968,000 in Dynasty based on Dynasty's valuation of US\$50 million in the last fundraising round. As of 31 March 2022, the Company's holding in Dynasty is valued at approximately US\$6.5 million (approximately £4.8 million).

Mobile Gaming

East Sides Games ("ESG")

ESG has achieved several major milestones, including the global launch of RuPaul's Drag Race Superstar mobile game, which occurred on 25 October 2021, surpassing 1 million downloads and over 150,000 active average daily users, which is the highest daily active users for any of its active games.

By November 2021, RuPaul's Drag Race Superstar had become the number one ranking role playing or simulation game in the iOS App Store across 44 countries and ranked in the top 10 in 67 countries. In addition, the game reached the top 100 grossing games in 40 countries on iOS.

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 East Side Games Group Inc, 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. East Side Games Group Inc., shares traded at CAD\$2.90 as of 31 March 2022, valuing Blue Star's holding at approximately £110,399.

DeFi, Payments and NFT

SatoshiPay

In the period under review, SatoshiPay saw the positive momentum with Pendulum raising \$5.0 million, via the private sale of PEN tokens, to fund further development. The new funding allows for SatoshiPay to be contractually retained to continue to develop Pendulum blockchain.

Pendulum is an open source blockchain built on the stable and existing Substrate framework that aims to establish the missing link between fiat and the DeFi ecosystems through a sophisticated smart contract network.

In November 2021, SatoshiPay presented a demonstration of Pendulum at the "Meridian 2021", a forum that gathers experts in finance, policy, and technology.

With funding for Pendulum in place, SatoshiPay took the timely decision in January 2022 to appoint Meinhard Benn as Chairman and Alexander Wilke as CEO. After co-founding SatoshiPay in 2014 and leading the company as CEO for seven years, Meinhard's new role will focus on the long-term vision of SatoshiPay and strategic networking, while Alex, who joined SatoshiPay as Chief Operations Officer in 2016, will take over the CEO duties. In addition to other internal promotions and strategic hires, we believe SatoshiPay is now structured for rapid scale-up and well-placed to deliver further Pendulum milestones.

Post period end, Pendulum received a grant from the Web3 Foundation for developing Spacewalk. Spacewalk is the first bridge between the Stellar network and the Polkadot/Kusama ecosystems. It is implemented as a Substrate pallet and allows any Substrate-based blockchain to implement a direct Stellar bridge.

Pendulum will implement Spacewalk as a Substrate pallet, a component that can be plugged into any Substrate based blockchain. Stellar is not smart contract capable, therefore the Spacewalk bridge design is based on XCLAIM. XCLAIM is a framework for achieving decentralised, trustless and efficient cross-chain transfers.

XCLAIM has been further improved by Interlay for the open-source Bitcoin bridge "interBTC". Spacewalk is based on the interBTC implementation with the term interBTC being used for both the bridge and for Bitcoin that is available on a Substrate-based chain.

The fast progress of Pendulum and the Polkadot ecosystem may accelerate the mission at SatoshiPay to offer instant cross-border payments on blockchain sooner than expected with further news expected in the near future while Solar Wallet continues to be in maintenance mode with a recent update patch released to the market. This release includes a minor change for adding funds with Moonpay, which was required from March 2022.

As of 31 March 2021, total equity funding to date for SatoshiPay was €4.6m with Blue Star currently holding 27.9% of SatoshiPay's issued share capital, worth £4.5m, based on the last external fund raise in 2019.

It is the Board's view that the valuation of SatoshiPay may have increased significantly since the last fund raise given the operational progress of Pendulum. However, no revaluation work on SatoshiPay has been undertaken since 2019.

Sthaler

Earlier in the year, Sthaler's biometric technology platform, FinGo, partnered with the RBC Group, a pioneer in automated retail design and manufacturing of vending machines.

In February 2022, FinGo entered into a strategic partnership with the leading security access service provider, Croma Security Solutions. The new alliance will strengthen each company's world-leading solutions in the provision of non-invasive biometric technology, expanding access to FinGo's Vein ID platform to Croma's global customer base.

Post period end, FinGo unveiled the World's first vein iD enabled vending machine where users can pay and prove their age through a simple scan of their finger. The Company remains confident the age verification service, "FinGoVend" is expected to lead the way in 'unattended retail' for age-restricted products such as alcoholic drinks, e-cigarettes and vapes.

Blue Star invested £50,000 in exchange for approximately 0.8% Sthaler's issued share capital. As of 31 March 2022, the company's holding in Sthaler is currently valued at approximately £387,000, based on Sthaler's last completed fundraising.

NFT Investments ("NFT")

NFT Investments raised £35m (Gross) and listed on the AQSE Stock Exchange in London in April 2021. Since admission, the Company made seven investments and one exit in early-stage growth technology and media businesses engaged in NFTs and digital assets totalling approximately £5.8m. NFT also established significant positions in cryptocurrencies BNB, Bitcoin, Ether, XBD, FLOW and DOT.

As at 31 December 2021, NFT had a Net Asset Value of £34.38m, equivalent to 3.43p per share, comprising cash and cash equivalents of £21.9m and net book value of investments, including cryptocurrencies, of £12.5m.

The Company had previously made an investment of £50,000 in an earlier funding round of NFT Investments and, as a result of further investment, currently holds 9,000,000 ordinary shares representing approximately 0.9 per cent of NFT's issued share capital. The Company's holding in NFT was valued at £223,000 at the period end.

Outlook

The Board believes that the Company's portfolio has continued to achieve significant operational and financial milestones during the period. Importantly, the Board maintains its confidence in the strong underlying trends across the sectors within which it is invested in and believes in the benefit of the portfolio approach when investing in early-stage companies out ways the inherent risks.

Given the increase in NAV of the overall portfolio since inception, plus sufficient cash reserves, improving liquidity provided by our listed investments and the increasing investor interest in the activities of our portfolio companies, the Board is confident that it is both well-funded and well-positioned to perform strongly in the second half of 2022 and beyond.

Derek Lew
Chairman

29 June 2022

**Statement of Comprehensive Income
for the six months ended 31 March 2022**

	Unaudited		Audited
	Six months ended 31 March		Year ended 30 September
	2022	2021	2021
	£	£	£
Revenue	-	-	-
Fair valuation movements in financial instruments designated at fair value through profit or loss:	(937,941)	(19,684)	2,772,447
	<u>(937,941)</u>	<u>(19,684)</u>	<u>2,772,447</u>
Foreign exchange movements	37,904	(318,991)	(325,554)
Administrative expenses	(100,642)	(159,379)	(324,785)
Operating (loss)/profit	<u>(1,000,679)</u>	<u>(498,054)</u>	<u>2,122,108</u>
Finance income	3,873	3,511	7,207
	<u>3,873</u>	<u>3,511</u>	<u>7,207</u>
(Loss)/profit before and after taxation and total comprehensive income for the period	<u>(996,806)</u>	<u>(494,543)</u>	<u>2,129,315</u>
Loss per ordinary share:			
Basic (loss)/earnings per share	(0.02p)	(0.01p)	0.05p
Diluted (loss)/earnings per share	<u>(0.02p)</u>	<u>(0.01p)</u>	<u>0.05p</u>

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

**Statement of Financial Position
as at 31 March 2022**

	Unaudited		Audited
	Six months ended 31 March		Year ended 30 September
	2022	2021	2021
	£	£	£
Non-current assets			
Investments	11,463,552	8,740,719	12,367,204
Convertible loan note	158,323	143,725	150,846
	<u>11,621,875</u>	<u>8,884,444</u>	<u>12,518,050</u>

Current assets			
Trade and other receivables	28,243	18,813	135,501
Cash and cash equivalents	113,416	59,491	296,106
	141,659	78,304	431,607
Total assets	11,763,534	8,962,748	12,949,657
Current liabilities			
Trade and other payables	44,825	35,729	234,142
Total current liabilities	44,825	35,729	234,142
Net assets	11,718,709	8,927,019	12,715,515
Shareholders' equity			
Share capital	4,892,774	4,228,251	4,892,774
Share premium account	9,575,072	9,074,957	9,575,072
Other reserves	-	96,290	-
Retained earnings	(2,749,137)	(4,472,479)	(1,752,331)
	11,718,709	8,927,019	12,715,515

**Statement of changes in equity
as at 31 March 2022**

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£	£	£	£	£
Six months ended 31 March 2021					
At 1 October 2020	4,892,774	9,575,072	-	(1,752,331)	12,715,515
Loss for the period and total comprehensive income	-	-	-	(996,806)	(996,806)
At 31 March 2022	4,892,774	9,575,072	-	(2,749,137)	11,718,709
Six months ended 31 March 2020					
At 1 October 2020	4,133,251	9,074,957	143,210	(4,024,856)	9,326,562
Loss for the period and total comprehensive income	-	-	-	(494,543)	(494,543)
Shares issued in period	95,000	-	-	-	95,000
Exercise of warrants	-	-	(29,716)	29,716	-
Lapse of warrants	-	-	(17,204)	17,204	-
At 31 March 2021	4,228,251	9,074,957	96,290	(4,472,479)	8,927,019
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

**Statement of cash flows
for the six months ended 31 March 2022**

	Unaudited Six months ended 31 March		Audited Year ended 30 September
	2022 £	2021 £	2021 £
Operating activities			
(Loss)/profit for the period	(996,806)	(494,543)	2,129,315
<i>Adjustments for:</i>			
Finance income	(3,873)	(3,511)	(7,207)
Fair value losses/(gains)	937,941	19,684	(2,772,447)
Foreign exchange	(37,904)	315,486	318,394
<i>Working capital adjustments</i>			
Decrease/(Increase) in trade and other receivables	107,258	(16,145)	(132,833)
(Decrease)/Increase in trade and other payables	(189,317)	7,842	206,256
Net cash used in operating activities	(182,701)	(171,187)	(258,522)
Investing activities			
Increase in investments	-	-	(844,360)
Interest received	11	3,511	7,183
Net cash generated from/(used in) investing activities	11	3,511	(837,177)
Financing activities			
Proceeds from issue of equity shares	-	95,000	1,259,638
Net cash generated by financing activities	-	95,000	1,259,638
Net (decrease)/ increase in cash and cash equivalents	(182,690)	(72,676)	163,939
Cash and cash equivalents at beginning of the period	296,106	132,167	132,167
Cash and cash equivalents at end of the period	113,416	59,491	296,106

Notes to the Interim Financial Statements for the six months ended 31 March 2022

1. Basis of preparation

The principal accounting policies used for preparing the half-yearly accounts are those the Company expects to apply in its financial statements for the year ending 30 September 2021 and are unchanged from those disclosed in the Company's Report and Financial Statements for the year ending 30 September 2021.

The financial information for the six months ended 31 March 2022 and for the six months ended 31 March 2021 have neither been audited nor reviewed by the Company's auditors.

2. Critical accounting estimates and judgements

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

Fair value of financial instruments:

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

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

3. Loss per ordinary share

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