

Blue Star Capital plc
(“Blue Star” or the “Company”)

Update on SatoshiPay

Blue Star Capital plc (AIM: BLU), the investing company with a focus on new technologies, is pleased to announce that its investee company, SatoshiPay Ltd (“SatoshiPay”), a UK incorporated private nanopayment software and blockchain company in which Blue Star owns approximately 19 per cent of the equity (expected to increase to 31 per cent subject to completion of the further investment in SatoshiPay announced by the Company on 4 July 2017), has agreed a proof of concept project with the IOTA Foundation to explore replacing Bitcoin with an alternative cryptocurrency, IOTA, as SatoshiPay’s settlement network (“Project”).

Since its 2015 product launch SatoshiPay has relied on the Bitcoin network to settle nanopayments. Initially Bitcoin transaction fees were negligible at below €0.01 per transaction. Due to Bitcoin’s rising popularity in 2017, combined with stalling scalability improvements, the network’s transaction limit is regularly reached, leading to congestion and an increase in fees to uneconomical levels. To sustain and enhance SatoshiPay’s business model based on frequent low-value payments, SatoshiPay is seeking to replace Bitcoin with a more suitable distributed ledger technology.

The IOTA network, with its token listed as 9th largest cryptocurrency on coinmarketcap.com at a market cap of €450m, offers zero-fee transactions with no limit on the number of transactions per second, making it unique among cryptocurrencies and an ideal ledger technology for SatoshiPay’s future needs.

While corporate entities such as Innogy, Canonical, Bosch, Cisco and Microsoft are building IOTA prototypes focussed on the Internet of things, SatoshiPay is IOTA Foundation’s first partner to build a purely web-based application.

The results of the project are expected to be available in August 2017.

Tony Fabrizi, CEO of Blue Star said: “Working with the IOTA Foundation allows SatoshiPay to explore new technology with a clear focus on scalability of its business. We are excited about the potential new opportunities that could open up from this initiative and that SatoshiPay is taking steps to optimise its business model”.

SatoshiPay CEO Meinhard Benn said: “Working with the IOTA Foundation allows us to explore cutting edge technology with a clear focus on scalability and mass market roll-out. We couldn’t be more excited and expect plenty of exposure and new opportunities to open up”

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (“MAR”).

For further information, please contact:

Blue Star Capital plc

Tony Fabrizi +44 (0) 777 178 2434

Cairn Financial Advisers LLP

(Nominated Adviser) +44 (0) 20 7213 0880
Emma Earl/Jo Turner

Smaller Company Capital Limited

(Broker) +44 (0) 203 651 2911
Rupert Williams/Jeremy Woodgate

About Blue Star Capital Plc

Blue Star is an investing company with a focus on new technologies. Blue Star's investments include a 19% holding in SatoshiPay, a nanopayment software and blockchain company; a holding in Disruptive Tech Limited, an investing company with five investments including a 38% holding in VNU Group LLC ("VNU") a speciality online direct retailer of premium goods paid for through an instant credit facility and a holding in Nektan PL; and an investment in Sthaler, an early stage identity and payments technology business which enables a consumer to identify themselves and pay using just their finger at retail points of sale.

About SatoshiPay Ltd

SatoshiPay is headquartered in London with development led through its office in Berlin. Angel funding for SatoshiPay Ltd was supplied by Axel Springer Plug & Play and Henning Peters. Seed funding was raised through Jim Mellon, Huiyin Blockchain Venture and Blue Star Capital. Development of SatoshiPay's nanopayment product started in April 2015 and its beta version was released in February 2016. Find updated information at the company's website <https://satoshipay.io>, its blog <https://medium.com/@SatoshiPay> and Twitter [@SatoshiPay](https://twitter.com/SatoshiPay).

About IOTA Foundation

The IOTA Foundation is a non-profit foundation in Germany, established with the purpose of developing, maintaining and standardizing new open source protocols based on distributed ledger technologies (DLT). The IOTA tangle provides a revolutionary open source DLT which is scalable, lightweight and makes it possible to transfer value or data without any fees. Find more information about IOTA at <http://iota.org> or Twitter [@iotatoken](https://twitter.com/iotatoken)