

SatoshiPay: Digital Asset Treasury Strategy

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Risk Guidance

The financial regulator in the UK (the "Financial Conduct Authority" or "FCA") considers investment in digital assets to be high risk. The Board of SatoshiPay has made the decision to further invest in digital assets to use as a store of value and to deploy into its operations and, in doing so, is mindful of the risks digital assets present. These risks include (but are not limited to): (i) the value of digital assets can be highly volatile; (ii) the digital assets market is largely unregulated. Despite SatoshiPay's ability and experience to mitigate risks, there remains a higher degree of risk of losing money due to matters such as cyber-attacks, financial crime and counterparty failure; (iii) SatoshiPay may not be able to sell digital assets at will. The ability to sell digital assets depends on various factors, including the supply and demand in the market at the relevant time. Operational failings such as technology outages, cyber-attacks and commingling of funds could cause unwanted delay; and (iv) digital assets are associated with elevated risks of fraud, money laundering, and other financial crime. In addition, there is a perception in some quarters that cyber-attacks are prominent which can lead to theft of holdings or ransom demands. The Board of SatoshiPay does not subscribe to such a negative view of digital assets. Further, readers of this paper are reminded that this strategy paper has been prepared by SatoshiPay and an investment in Blue Star is not the same as an investment in SatoshiPay or in its digital assets. These risks are further covered below.

Abstract

This paper outlines SatoshiPay Ltd's corporate digital asset treasury strategy, which has recently been expanded following a loan made by Blue Star Capital plc, SatoshiPay's largest shareholder, whereby SatoshiPay will operate a treasury with a primary focus on Bitcoin (BTC) and Ethereum (ETH). The strategy is twofold: first, to utilise these core digital assets as a non-sovereign store of value to hedge against a macroeconomic environment of persistent inflation and low-to-negative real yields; and second, to actively deploy treasury assets to provide critical liquidity for the Vortex platform, thereby strengthening the broader EVM-compatible and Polkadot ecosystems. Grounded in economic principles such as Modern Portfolio Theory and Metcalfe's Law, this initiative is governed by a rigorous risk management framework and a steering committee led by SatoshiPay. The success of the treasury will be measured by specific KPIs related to capital appreciation, ecosystem growth, and operational execution. This strategy represents a sophisticated, proactive approach to corporate finance, designed to create shareholder value through both capital preservation and strategic ecosystem development.

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1. Introduction

This strategy paper, published by SatoshiPay, outlines the strategic rationale and framework surrounding the financing of its digital asset treasury. The initiative has been launched following a loan provided by Blue Star to SatoshiPay. This funding has been enabled by Blue Star's access to London's AIM stock market and is underpinned by its significant (approximately 50%) shareholding in SatoshiPay, strategically aligning the interests of both companies.

The strategic impetus for this initiative is the shifting macroeconomic environment. With inflation across Western economies proving persistent and sovereign bond yields offering minimal to negative real yields, traditional corporate treasury strategies face a significant challenge in preserving capital. The establishment of a digital asset treasury represents a proactive and necessary step towards hedging against this risk and seeking uncorrelated returns. SatoshiPay will own and operate the treasury, with Blue Star, as an investor, having provided strategic financing and retaining oversight.

1.1 The Macroeconomic Imperative: The "Why Now"

The core challenge facing corporate treasuries today is the erosion of purchasing power. With inflation rates consistently outpacing the yields on traditional "safe-haven" government bonds, holding cash or cash equivalents results in a guaranteed loss in real terms. This environment of negative real yields necessitates a search for alternative treasury assets that are not subject to the same inflationary pressures. Bitcoin, with its fixed supply and non-sovereign nature, presents a compelling solution to this modern treasury problem.

2. Methodology

The formulation of this strategy was guided by a multi-faceted methodology designed to ensure a comprehensive and well-researched approach. This involved a macroeconomic analysis of current global economic trends, including a review of sovereign debt levels, persistent inflationary pressures, and government bond yields to establish the foundational need for a non-sovereign store of value asset. It was followed by a market opportunity assessment of the decentralised finance (DeFi) landscape to identify specific ecosystems (EVM-compatible chains, Polkadot) where a strategic injection of liquidity could generate outsized network effects. The risk assessment framework was developed based on best practices from both traditional finance and the digital asset industry. Finally, the strategy is supported by a review of economic and financial literature, applying established theories to provide a robust academic basis for the decisions outlined.

3. Strategic Rationale

The execution of this treasury strategy by SatoshiPay, funded by its largest shareholder Blue Star, creates a robust strategic alignment that directly benefits both entities and the wider ecosystem.

3.1 Initial Ecosystem Synergy

This initiative's initial deployment will focus on providing liquidity to key pools that Vortex utilises on established EVM-compatible networks, such as those on the Nabla DEX. This is a strategic starting point to immediately support Vortex's multi-chain operations and address the platform's "cold start" problem in existing markets. As the Vortex user base grows and larger, dedicated pools are required,

treasury assets will then be deployed into Vortex-specific liquidity pools, both on Pendulum and other chains where Vortex is deployed.

3.2 A Differentiated Treasury Model: From Passive Asset to Active Utility

The corporate world has witnessed the rise of the Bitcoin treasury, pioneered by companies treating BTC as a passive store of value. SatoshiPay's strategy is fundamentally different. It redefines the corporate treasury from a passive balance sheet item into an active, utility-driven instrument. While a core focus is deploying assets to provide strategic liquidity for the Vortex platform, the treasury will also leverage other established and vetted DeFi protocols to maximise yield and operational efficiency. Furthermore, this strategy requires experienced active management to identify and act upon transient yield opportunities in decentralised finance (DeFi), which can often exist for only a few days or weeks. This provides a clear value proposition for investors over simply buying and holding the underlying assets themselves.

3.3 Broader Ecosystem Impact and Chain-Agnostic Vision

Beyond the initial deployment, this strategy is designed to have a significant positive impact on the wider world of DeFi. The core vision is Vortex-first, not dependent on any single blockchain.

- **Creating a Multi-Chain Liquidity Bridge:** The treasury will serve as a flexible, multi-chain liquidity backbone for Vortex. Since Vortex operates across numerous ecosystems, including Ethereum, other EVM-compatible chains (e.g., Arbitrum, Base, Polygon), and Polkadot chains, holding core assets like BTC and ETH provides the native flexibility to deploy liquidity across these ecosystems. This ensures the treasury's success is tied to the growth of Vortex as a whole, not the fate of a single underlying network.
- **Strengthening Network Effects:** By injecting capital into any ecosystem where Vortex operates, the treasury enhances that network's utility. This aligns with Metcalfe's Law, which posits that the value of a network grows exponentially with its user and liquidity base, creating a virtuous cycle of growth [3].
- **Solving the "Cold Start" Problem:** This treasury provides a direct solution to one of DeFi's biggest challenges: initial liquidity. By acting as a "liquidity bootstrapping fund," it applies George Soros's theory of reflexivity, where an injection of capital improves the fundamentals (e.g., lower slippage), which in turn attracts more users in a positive feedback loop [4].
- **Signalling Institutional Confidence:** The financing of an on-chain DeFi treasury by a publicly listed company sends a powerful signal of institutional confidence in the broader DeFi space, potentially attracting further institutional capital.

4. Core Objectives of the Treasury

The key objectives for SatoshiPay's digital assets treasury are:

- **Capital Preservation:** To safeguard the value of treasury assets against significant market downturns.
- **Liquidity Management:** To ensure sufficient liquidity is available to support the Vortex platform across all its operational networks.

- **Opportunistic Yield Generation:** To actively manage treasury assets to capture transient, high-yield opportunities within approved DeFi protocols.
- **Diversification:** To reduce concentration risk by holding a thoughtfully selected portfolio of digital assets.
- **Risk Mitigation:** To implement and maintain robust security and operational protocols.
- **Regulatory Compliance:** To proactively adhere to all relevant financial regulations.

5. Asset Allocation Strategy

The asset allocation strategy is designed to balance the dual objectives of long-term capital preservation and the flexibility required for active, utility-driven deployment in DeFi protocols.

5.1 Initial Allocation

The initial allocation is concentrated on the two leading digital assets to build a robust foundation for the treasury.

- **Allocation:** 80% Bitcoin (BTC), 20% Ethereum (ETH).
- **Purpose:** To establish a diversified, non-sovereign store of value as the treasury's foundational asset, hedging against global monetary inflation while providing strategic exposure to the two largest and most liquid digital assets.
- **Rationale:** The 80/20 split between Bitcoin and Ethereum is informed by institutional benchmarks such as the Nasdaq Crypto Index, which reflects the relative market capitalisation and institutional acceptance of these two core assets [5]. The inclusion of Ethereum provides exposure to the broader "decentralised economy" and directly supports Vortex's multi-chain operations on EVM-compatible chains. Bitcoin serves as the primary long-term store of value, consistent with the "Digital Gold" thesis and its historically low correlation to traditional assets as described by Modern Portfolio Theory (MPT) [6, 7].

5.1.1 Managing Exposure in DeFi and Impermanent Loss

Actively deploying assets as liquidity in Automated Market Makers (AMMs) introduces a specific, inherent risk known as impermanent loss. This refers to the potential divergence in the value of the paired assets compared to simply holding them, which means the treasury's 80/20 BTC/ETH exposure is a target rather than a fixed ratio.

This risk is actively managed through several key strategies. The primary goal is to maintain the target BTC/ETH delta through careful pair selection, concentrating liquidity within tight ranges where supported by the protocol, and, where necessary and economically viable, employing hedging strategies. Despite these mitigation efforts, a residual risk from impermanent loss remains, as is inherent to all AMM liquidity provision (see also Section 8.3).

5.2 Future Allocation Considerations

As the treasury matures, its allocation will be expanded to include assets that enhance operational flexibility and manage risk.

- **Stablecoins:** The introduction of stablecoins will be assessed for operational liquidity and as a temporary "risk-off" asset. Given the company's UK and European operational focus and the

evolving regulatory landscape, priority will be given to high-quality, regulated stablecoins that are fully compliant with the EU’s MiCA regulation. This includes both USDC and EURC (Euro Coin), which achieved this status in July 2024. Other major stablecoins like USDT will not be considered until they achieve a similar, fully authorised status under European regulations.

5.3 Deployment Venues

As the treasury strategy matures, the Treasury Steering Committee will continuously evaluate DeFi protocols on different chains for liquidity deployment. The selection of future venues will be based on a risk-based approach that balances opportunity with security. While there is a strong preference for protocols that have undergone comprehensive security audits, deployment to unaudited venues may be considered, particularly for strategic in-house or partner protocols such as Nabla. Where external audits are unavailable or outdated, we rely on internal security review, staged deployment with strict position limits, and continuous monitoring. These criteria, combined with metrics like sufficient Total Value Locked (TVL) and high user activity, ensure that capital is deployed to the most secure and productive environments that support Vortex’s growth.

5.4 Prohibited Assets

The treasury will not hold highly volatile, low-liquidity altcoins; assets with unproven technology or questionable regulatory standing; or any assets that do not align with the risk profile of persons providing funding.

6. Addressing Potential Counterarguments and Criticisms

A proactive strategy requires acknowledging and addressing potential criticisms. This framework is built with a clear understanding of the primary counterarguments to a corporate Bitcoin strategy.

6.1 On Price Volatility

The historical price volatility of the allocated assets is a known and accepted risk [8]. This strategy mitigates this risk through several key approaches:

- **Long-Term Time Horizon:** The treasury acquires digital assets as a long-term store of value, not as a short-term speculative instrument. This long-term perspective is designed to look beyond short-to-medium term price fluctuations.
- **Strategic Purpose:** The primary role of the holdings is as a reserve asset to hedge against macroeconomic risks. Day-to-day price movement is secondary to this core function.
- **Prudent Allocation:** The size of the treasury operation is managed carefully within the broader context of the company’s financial position.
- **Dollar-Cost Averaging (DCA):** As outlined in the risk framework, DCA will be used for significant acquisitions to average the cost basis over time, reducing the risk associated with a single large purchase.

6.2 On Environmental, Social, and Governance (ESG) Concerns

We acknowledge the public discourse regarding the energy consumption of Proof-of-Work networks. Our position is informed by a nuanced and forward-looking view:

- **Evolving Energy Mix:** The energy sources used for Bitcoin mining are dynamic and vary significantly by region and provider. While many industry reports indicate a growing trend towards the use of renewable energy, we acknowledge that the data is complex and subject to ongoing debate. In line with our commitment to transparency, we will monitor credible sources on the network's energy consumption and aim to report on the evolving energy mix as reliable data becomes available.
- **Energy Grid Stabilisation:** Bitcoin miners are unique, location-agnostic energy consumers. This allows them to utilise stranded or excess energy that would otherwise be wasted (e.g., flared gas, excess hydroelectric power), thereby improving the efficiency and economics of renewable energy projects.
- **Value of Energy Expenditure:** The energy consumed by the network is not wasted; it is used to secure a global, decentralised, permissionless monetary network. We believe the societal value provided by this network justifies the energy expenditure, especially when compared to the energy consumption of the traditional financial system.
- **Commitment to Sustainable Practices:** For future yield-generating activities, such as staking Ethereum, we will actively seek to partner with carbon-neutral service providers or delegate to validators known for using renewable energy sources, further aligning our operations with sustainable principles.

6.3 On Regulatory Uncertainty

The regulatory landscape for digital assets is evolving. Our strategy is to be proactive and adaptive, not reactive.

- **Expert Counsel:** We will retain specialised legal and compliance counsel in all operating jurisdictions to ensure we are adhering to current regulations and are prepared for future developments.
- **Focus on Established Jurisdictions:** Operations will be centred in jurisdictions with a clear and developing legal framework for digital assets.
- **UK Regulatory Alignment:** As a UK-based entity, primary compliance will be with the framework established by the Financial Conduct Authority (FCA). While the EU's MiCA regulation is not directly applicable, we will monitor its development closely to ensure our strategy aligns with international best practices and prepares us for any cross-jurisdictional activities.
- **Commitment to Verifiable Transparency:** We are committed to operating with the highest degree of transparency. This includes a pledge to publish periodic treasury reports for our stakeholders. These reports will detail holdings, performance, and activities. Where feasible, we will aim to provide on-chain data to allow for public verification, setting a high standard for corporate transparency in the digital asset space.

7. Funding Mechanism

The expansion of SatoshiPay's treasury operations has recently been funded via a loan provided by Blue Star. The loan advanced by Blue Star to SatoshiPay is secured by a legal charge over the digital assets acquired by SatoshiPay. In the event any further loans are made by Blue Star, it would be expected that these loans are made on a similar basis.

The explicit purpose of this financing is to accelerate SatoshiPay’s growth and facilitate the expansion of its product offerings, particularly the Vortex network. The proceeds of the loan will be used to expand its digital asset treasury, and a portion of these assets will then be deployed to provide strategic liquidity for the Vortex platform.

As stated by Blue Star’s Chairman, Tony Fabrizi, in the RNS announcement on 2 July 2025: *"This Fundraise allows Blue Star shareholders to participate in the increased global interest in businesses operating in crypto related fields and associated treasury positions... the enlarged treasury function will strengthen Vortex’s core offering..."* [9]

8. Risk Management Framework

SatoshiPay is responsible for the day-to-day execution and enforcement of this framework. Blue Star has reviewed and approved the risk management framework, consistent with the terms of its loan and corporate risk appetite.

8.1 Market Risk

Market risk is managed through a phased diversification strategy, the use of Dollar-Cost Averaging (DCA) for significant purchases, future portfolio rebalancing, and clearly defined risk limits to prevent over-concentration.

Consideration will be given to the price volatility of digital assets, how the value of these assets are accounted for by SatoshiPay (see Section 9 below) and regular reporting to Blue Star noting that Blue Star may have a market requirement to provide disclosure to the AIM Market from time to time.

8.2 Security Risk

Security is paramount. The strategy employs a multi-layered approach to mitigate security risks.

8.2.1 Asset Segregation and Custody Model

A core principle is the strict segregation of assets; all funds will be held in dedicated wallets, entirely separate from SatoshiPay’s own corporate holdings, to ensure clear title and prevent commingling. The strategy employs a phased, hybrid custody model. The initial phase leverages SatoshiPay’s expertise in deploying self-custody solutions using the Safe Wallet platform, the industry-standard decentralised custody protocol, configured for 2-out-of-3 multi-signature transactions. This DeFi-compatible multi-signature wallet setup is essential for the active deployment strategy. Should the Steering Committee decide in later phases to hold a portion of the assets as a non-deployed strategic reserve, these would be secured in cold storage arrangements. As the treasury grows, the model will evolve to include institutional-grade and potentially multiple custodians to diversify counterparty risk.

8.2.2 Transaction Controls

All significant transactions will require multi-signature approval from authorised personnel ensuring no single individual can move funds unilaterally. While SatoshiPay retains day-to-day operational control, certain situations outside of established operational norms may require consultation with Blue Star. These include, but are not limited to: significant single transactions exceeding a pre-defined value threshold; the deployment of assets into new, previously unapproved DeFi protocols; and any security incident, including the suspected compromise of a private key.

8.2.3 Audits and Monitoring

A multi-layered and phased approach to audits and monitoring will be implemented to ensure the ongoing security of treasury assets, aligning with the treasury’s growth and complexity as outlined in the Implementation Roadmap (Section 11).

- **Continuous Monitoring:** Foundational real-time monitoring of all treasury wallets and on-chain activities is operational from the outset. As the treasury scales, this will evolve into a more sophisticated, automated system configured to generate immediate alerts for any unusual transactions, significant balance changes, or interactions with unapproved smart contracts, allowing for a rapid response to potential threats.
- **Internal Reviews:** Regular internal security reviews are conducted by SatoshiPay’s technical team. These assess adherence to operational procedures, review access control lists, and ensure that security best practices are being consistently followed.
- **Independent Audits:** A risk-based approach is applied to security audits. All new, in-house smart contracts or significant upgrades are subject to an internal security review before initial deployment. Where external audits are unavailable or outdated for a specific deployment, this process is augmented by staged deployment and strict position limits. Comprehensive external audits by reputable third-party firms, while costly, are planned as a critical step to precede any major production rollouts or deployments involving significant value.

8.2.4 Insurance

SatoshiPay will explore and, where appropriate, secure insurance coverage for treasury assets. This includes leveraging the comprehensive custodial insurance policies provided by our institutional partners and evaluating specialised specie policies for any assets held in long-term, self-custodied cold storage.

8.2.5 Self-Custody Risks

While the Safe Wallet multi-signature platform is industry-leading, a self-custody model carries specific, inherent risks that must be actively managed:

- **Collusion Risk:** In a 2-of-3 setup, two malicious or compromised key holders could collude to approve an unauthorised transaction. This is mitigated by ensuring the three key holders are operationally and geographically separate, with no single person having access to more than one key.
- **Key Availability Risk:** The loss of two of the three private keys would result in the permanent loss of access to the funds. This is mitigated by implementing robust, audited backup and disaster recovery procedures for each individual key.
- **Key Compromise Risk:** The compromise of a single key increases the risk of a malicious transaction, as an attacker would only need to compromise one additional key. This is mitigated by securing each private key with the highest level of security, such as using hardware wallets stored in secure locations.
- **Platform Smart Contract Risk:** The Safe Wallet itself is a smart contract. While it is heavily audited and has secured billions in assets, it is not immune to the inherent risk of bugs or vulnerabilities in its underlying code. This is mitigated by relying on the platform’s extensive track record, continuous audits, and a large developer community that scrutinizes its code.

8.3 DeFi-Specific Risks

The active deployment of assets into DeFi introduces a distinct set of technological risks that require a specialised management approach [2].

- **Smart Contract Risk:** A bug or exploit in the code of any DeFi protocol the treasury interacts with could lead to a loss of funds. The mitigation strategy depends on the deployment's risk profile. For significant deployments or new, complex protocols, comprehensive security audits by multiple reputable firms are strongly preferred before deployment. Where external audits are unavailable or outdated, we rely on a combination of internal security review, staged deployment with strict position limits, and continuous monitoring. Additionally, DeFi insurance coverage will be procured where available and economically viable [10].
- **Oracle Risk:** Many Automated Market Makers (AMMs) rely on external price feeds (oracles). If manipulated, these can be exploited to drain value from liquidity pools. This risk is mitigated by sourcing price data from reputable and reliable providers. While large-scale, decentralized oracle networks offer the highest degree of trustlessness, the treasury's current approach for its in-house protocols involves trusted data feeds from external service providers. To further protect against spot price manipulation, safety mechanisms such as Time-Weighted Average Prices (TWAPs) are implemented within the consuming smart contracts [11].
- **Cross-Protocol Risk:** This refers to contagion risk, where a failure in one DeFi protocol affects another. This is mitigated by limiting initial deployments to high-quality liquidity pairs and implementing continuous, automated monitoring to detect signs of systemic risk. This scrutiny is intensified for deployments into newer or lower-tier DeFi protocols.

8.4 Regulatory and Compliance Risk

The partnership will ensure full compliance by engaging specialised legal and tax counsel, adhering to all AML/KYC requirements, and developing clear internal policies for all treasury operations.

8.5 Operational Risk

Operational risk is mitigated through segregation of duties for transactions, strict role-based access controls, a regularly tested disaster recovery plan, and ongoing personnel training on security and procedures.

9. Accounting Treatment

The accounting and financial reporting for the treasury will be governed by International Financial Reporting Standards (IFRS), though the precise application will depend on guidance from the IFRS Interpretations Committee (IFRIC) and the International Accounting Standards Board (IASB). A clear framework will be established in consultation with auditors and the Steering Committee. Following guidance from the IFRS Interpretations Committee (IFRIC) which places cryptocurrencies under the scope of IAS 38, Intangible Assets, a management judgment must be made on their useful life [1]. For Bitcoin and Ethereum, a classification as indefinite-lived intangible assets is appropriate as there is no foreseeable limit to the period over which they are expected to generate economic benefits.

Under IAS 38, the company faces a critical accounting policy choice. It is recommended that the Revaluation Model be adopted, allowing assets to be revalued to fair market value at each reporting date. Increases in value are recognised in Other Comprehensive Income (OCI), offering a transparent

view of the treasury’s economic position. The model reflects both gains and losses more immediately and, while this can imply earlier tax recognition depending on the jurisdiction, SatoshiPay benefits from existing loss carry-forwards that can offset potential gains in the near term.

The Revaluation Model is strategically superior to the alternative Cost Model, often applied in passive Bitcoin treasury strategies, which permits only irreversible impairment write-downs and prevents the recognition of subsequent gains, thereby distorting financial reporting during periods of volatility [12].

Notwithstanding the above, the company will initially maintain its pragmatic booking approach, based on carefully documented manual records and supported by verifiable evidence such as on-chain data, exchange statements, or market price sources. This interim practice ensures transparency and reliability while leaving room for a definitive accounting framework to be agreed with auditors and the Steering Committee.

10. Operational Framework

SatoshiPay is responsible for all operational aspects of its treasury, acting in accordance with the strategy agreed with Blue Star.

10.1 Custody

The custody of treasury assets will follow the phased and hybrid approach detailed in the Security Risk framework (Section 8.2). The initial phase will exclusively leverage the self-custody solutions outlined in Section 8.2.1, utilising the Safe Wallet multi-signature platform for operational needs. This approach is necessary for the active deployment of assets into DeFi protocols, as cold storage is generally incompatible with such operations. The use of cold storage is therefore not anticipated in the early phases and will only be considered for assets explicitly designated as a non-deployed, long-term reserve. As the treasury scales, this model will expand to include institutional and diversified custodians.

10.2 Accounting and Reporting

Operations will utilise institutional-grade crypto accounting software. The strict segregation of funds in dedicated wallets will facilitate straightforward reconciliation and reporting, ensuring a clear audit trail for all transactions related to the Blue Star-funded treasury. This data will be available for seamless integration into the financial statements of both entities. In the interim, reporting may rely on carefully documented manual records as a transitional measure until the designated software solution is fully deployed.

10.3 Exchange Relationships

Relationships will be established with multiple reputable, regulated cryptocurrency exchanges to ensure reliable liquidity and execution.

10.4 Vendor Management

A formal process will be established for the due diligence, selection, and ongoing monitoring of all third-party vendors, including exchanges and custodians, to ensure they meet specific standards for security, compliance, and financial stability.

11. Implementation Roadmap

A structured, multi-phase approach will ensure a successful and secure launch of the treasury initiative. SatoshiPay does not propose setting limits or restrictions for working capital purposes as its digital asset treasury will be used in operations as well as a long term store of value.

Phase 1: Foundation & Setup (Completed)

- All governance, vendor, and operational readiness milestones were achieved as of 28 July 2025 [13].

Phase 2: Pilot Programme (Completed)

- Initial Acquisition: Blue Star's £1,000,000 loan was invested into BTC and ETH as of 7 August 2025 [14].
- Controlled Deployment: A small, clearly defined amount of assets was deployed into carefully selected liquidity pools that Vortex uses on EVM-compatible networks. This process prioritized pools with external audits where available; for deployments into unaudited pools, an internal security review was conducted and the position size was limited to mitigate risk.
- Validation: The entire operational lifecycle was meticulously monitored and documented to validate all security protocols and reporting mechanisms.

Phase 3: Scaling & Expansion (In Progress)

- Scaled Deployment: Based on the successful completion of the pilot programme, proceed with the deployment of the remaining approved capital in measured tranches. This may include further additional fiat liquidity.
- Strategic Expansion: Gradually expand liquidity provision to other strategic and well-vetted trading pairs to support new markets and products.
- Full Reporting Cycle: Commence the formal, detailed quarterly reporting cycle to the Board, measuring performance against the established KPIs.
- Prepare for Advanced Monitoring: Begin establishing the technical groundwork for the advanced automated monitoring and alerting systems required for more complex operations.

Phase 4: Advanced Yield Optimisation & Diversification (Future Outlook)

- Enlarge Funding: Seek to secure an enlargement of the available funding beyond the initial loan facility to support continued growth.
- Advanced DeFi Strategies: Introduce more complex, yet rigorously vetted, yield-generating activities, including liquid staking and low-risk structured products such as covered call strategies.
- Strategic Portfolio Diversification: Based on market conditions, the Steering Committee may approve a small, incremental diversification into other high-quality digital assets synergistic with Vortex's multi-chain presence.
- Formalise Risk & Security: Implement more advanced institutional risk management tools, such as Value-at-Risk (VaR) models, and deploy full-scope periodic independent security audits and advanced monitoring tools.

12. Governance Model

The governance model allows for Blue Star to have oversight on the deployment of its loan facility in accordance with the AIM Rules for Companies and the terms of its loan. Its principles will be formally codified in a Board-approved Digital Asset Investment Policy for observation rights. SatoshiPay retains operational control of its digital assets.

12.1 Treasury Steering Committee

A dedicated "Treasury Steering Committee" has been formed, led by SatoshiPay's key personnel, to define strategy and oversee operations. Blue Star will have observer rights to attend this Committee.

12.2 Approval Matrix

A clear, documented approval matrix has been defined, outlining discretionary limits and thresholds for transaction approvals. This matrix is designed to balance operational agility with robust oversight by establishing a tiered system of approval based on both the transaction type and its value. Routine, low-risk operations can be executed efficiently by designated SatoshiPay operators. In contrast, more significant strategic actions, such as deploying capital to new protocols or major portfolio rebalancing, require senior management or full Treasury Steering Committee approval. The matrix operates in conjunction with a maintained whitelist of vetted DeFi protocols and includes specific protocols for emergency situations to ensure swift action can be taken to protect assets.

12.3 Reporting Frequency

SatoshiPay will provide comprehensive operational and performance reports to the Steering Committee on a monthly basis, with formal reports provided to the Blue Star board quarterly.

13. Performance Measurement and KPIs

The success of this treasury initiative will be measured against a set of specific Key Performance Indicators (KPIs). The primary financial KPI will be the treasury's performance benchmarked against a blended 80/20 BTC/ETH index. Ecosystem growth will be measured by the direct impact on the Vortex platform, including growth in Total Value Locked (TVL), increased transaction volume, and reduced trade slippage. Finally, operational milestones, such as the successful deployment of the initial loan facility, will track execution success.

14. Conclusion

This strategy paper outlines a sophisticated, multi-faceted approach to corporate treasury management that extends far beyond simple asset holding. The initiative leverages the relationship between Blue Star and SatoshiPay, combining strategic financing with expert operational execution. By grounding its actions in established economic principles and focusing on active ecosystem development, this treasury is designed not merely to preserve capital, but to act as a catalyst for growth. The initial financing is a foundational step in a long-term vision to create a robust, multi-chain liquidity hub that benefits the Ethereum and Polkadot ecosystems, drives the success of the Vortex platform, and ultimately delivers significant value to shareholders. Through a rigorous framework of governance and risk management, this strategy positions SatoshiPay at the forefront of innovative and strategic participation in the evolving digital economy.

15. Glossary of Terms

Cold Storage: A method of holding digital assets offline, completely disconnected from the internet, to provide the highest level of security against online threats.

DeFi (Decentralised Finance): An umbrella term for financial services on public blockchains.

DEX (Decentralised Exchange): A peer-to-peer marketplace where cryptocurrency traders make transactions directly without a central intermediary.

EVM (Ethereum Virtual Machine): The runtime environment for smart contracts in Ethereum. "EVM-compatible" refers to other blockchains that can run the same code.

Multi-Signature (Multi-Sig): A security protocol that requires multiple private keys to authorise a single transaction, preventing any single person or single point of compromise from moving funds.

Oracle: A third-party service that provides smart contracts with external information, such as the market price of an asset. The security and reliability of oracles are critical for DeFi protocols.

Parachain: A specialised blockchain that connects to the Polkadot network, benefiting from its shared security and interoperability.

Proof-of-Work (PoW): The consensus mechanism, used by Bitcoin, that requires computational work (mining) to add new blocks to the blockchain, ensuring its security and integrity.

Slippage: The difference between the expected price of a trade and the price at which the trade is actually executed. High slippage is common in illiquid markets.

Staking: The act of locking up digital assets to participate in and help secure a Proof-of-Stake (PoS) blockchain network, for which participants are rewarded.

TVL (Total Value Locked): The overall value of crypto assets deposited in a decentralised finance (DeFi) protocol.

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