



Invesco Digital Markets plc  
Interim Condensed  
Financial Statements

For the financial period ended  
30 September 2022

**CONTENTS**

General Information	1
Directors' Report	2 - 3
Management Report	4 - 6
Statement of Directors' Responsibilities	7
Condensed Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Statement of Financial Position	9
Condensed Statement of Changes in Equity	10
Condensed Statement of Cash Flows	11
Notes to the Interim Condensed Financial Statements	12 - 15

**INVESCO DIGITAL MARKETS PLC**  
**GENERAL INFORMATION**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

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**Directors**

Ellen Chislett  
Ryan Mendez

**Registered office**

44 Esplanade  
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Jersey  
JE4 9WG  
Channel Islands

**Issuer Adviser**

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Perpetual Park  
Perpetual Park Drive  
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England  
EG9 1HH  
United Kingdom

**Administrator, Registrar and Transfer Agent**

Northern Trust International Fund Administration Services (Ireland) Limited  
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54-62 Townsend Street  
Dublin 2  
D02 R156  
Ireland

**Custodian**

Zodia Custody Limited  
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84 Eccleston Square  
Pimlico  
London SW1V 1PX  
United Kingdom

**Secretary**

Intertrust SPV Services Limited  
44 Esplanade  
St Helier  
Jersey  
JE4 9WG  
Channel Islands

**Trustee**

Intertrust Trust Corporation Limited  
1 Bartholomew Lane  
London  
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**INVESCO DIGITAL MARKETS PLC**  
**DIRECTORS' REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

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The Directors present the report and unaudited interim condensed financial statements of Invesco Digital Markets plc (the **Company** or **Issuer**) for the financial period ended 30 September 2022.

**General information**

The principal activity of the Company is to issue series (each, a **Series**) of secured, limited recourse certificates (**Digital Certificates**) by the Issuer under the Secured Cryptocurrency Linked Certificates Programme (the **Programme**) described in the base prospectus (**Base Prospectus**).

The Company was incorporated in Jersey, Channel Islands as a public company on 29 April 2021 under Companies (Jersey) Law 1991.

**Review of operations**

The recent Base Prospectus was issued on 16 November 2022. The Digital Certificates were admitted for listing on the Frankfurt Stock Exchange and SIX Swiss Exchange on 26 November 2021 and 20 January 2022, respectively.

As at 30 September 2022, the revalued amount of assets under management amounted to US\$59.61 million (31 March 2022: US\$140.01 million). The Company recognises Digital Assets and Digital Certificates at fair value in the Statement of Financial Position.

**Key performance indicators**

The Directors confirm that the key performance indicators as disclosed below in the interim condensed financial statements are those that are used to assess the performance of the Company:

- The net changes in fair value of Digital Assets amounted to a loss of US\$80,742,556 (31 March 2022: loss of US\$32,027,522) as a result of change in the price of Digital Assets.
- The net changes in fair value of Digital Certificates amounted to a gain of US\$81,259,644 (31 March 2022: gain of US\$32,514,455).

The price of Digital Assets have decreased during the period. Please see below table for further details.

Digital assets	Currency	Price as at 30 September 2022	Price as at 31 March 2022	Change in price %
Bitcoin	US\$	19,690	46,514	(57.67)
Digital assets	Currency	Price as at 31 March 2022	Price as at 29 April 2021	Change in price %
Bitcoin	US\$	46,514	54,534	(14.71)

**Business risks and uncertainties**

The market value of Digital Assets is not related to any specific company, government or asset. The valuation of these assets depends on future expectations for the value of the network, number of transactions and the overall usage of the assets. This means that a significant amount of the value in Digital Assets is speculative and could lead to increased in volatility. Investors could experience significant gains, losses depending on the valuation of Digital Assets. Due to the speculative nature of an investment in Digital Assets, the prices may fluctuate for any reason and such fluctuations may not be predictable.

**Results and dividends**

The results for the period are set out on page 8. The Directors do not recommend the payment of a dividend in respect of the period ended 30 September 2022 (31 March 2022: nil).

**Directors**

The Directors in office when these interim condensed financial statements were approved are shown on page 1, all of whom were Directors for the period, unless otherwise stated.

The Directors had no interest in the ordinary shares of the Company and received no remuneration throughout the period and up to the date of approving the interim condensed financial statements.

**INVESCO DIGITAL MARKETS PLC**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

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**Going concern**

The Directors believe that the Company is well placed to manage its business risk successfully and therefore have a reasonable expectation that the Company has adequate resources, as noted below, to continue in operational existence for the foreseeable future, being a minimum of 12 months from the date of this report.

The Company has an obligation to settle amounts due to the holders of Digital Certificates. When these are redeemed, the Company returns the corresponding amount of Digital Assets determined by the Per Certificate Entitlement of those Digital Certificates, therefore the redemption of Digital Certificates would not impact the liquidity of the Company. Furthermore, the Issuer Adviser pays the fees and expenses due to the other service providers in connection with the Programme. Accordingly, the Directors have prepared the interim condensed financial statements on a going concern basis.

A high-level of analysis was made on the liquidity and performance of the Company, following the financial period end 30 September 2022. Based on this, the Directors note that there has been negative change in the prices of Digital Assets. Despite the significant reduction in the price of Digital Assets, the level of activity has remained stable post the financial period end. The Directors have also noted that the Administrator has taken measures to ensure business continuity.

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with the Russian invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. The Directors carefully evaluate the information that becomes available and believe that has no significant impact on the interim condensed financial statements. The Directors will continue to monitor the situation and appropriate steps will be taken for the smooth running of the Company's business.

**Corporate Governance**

The Directors continue to promote and maintain a sound system of corporate governance in compliance with applicable regulatory requirements.

**Secretary**

The Secretary of the Company throughout the period and up to the date of approving the interim condensed financial statements was Intertrust SPV Services Limited.

By order of the Board



For **Intertrust SPV Services Limited**

Dated: Dec 23, 2022

## **Business model**

The principal activity of the Company is to issue series of secured, limited recourse certificates by the Issuer under the Secured Cryptocurrency Linked Certificates Programme.

## **Risk management**

The Company's activities expose it to a variety of risks: macro risk, credit risk, risk factors relating to Digital Assets, liquidity risk and market risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for identifying and analysing the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### **Macro Risk**

Macro risk refers to risk that is associated with macroeconomic, financial and political, regulatory or judicial events which can affect markets generally and may affect the price of the Bitcoin and/or any other cryptocurrency relating to a Series.

There is lack of consensus regarding the regulation of cryptocurrencies, including Bitcoin, and uncertainty regarding their legal and tax status. Regulation of cryptocurrencies continues to evolve across different jurisdictions worldwide. Any change in regulation in any particular jurisdiction may impact the supply and demand in that specific jurisdiction and other jurisdictions due to the global network of exchanges for cryptocurrencies, as well as composite prices used to calculate the underlying value of such cryptocurrencies (if any), as the data sources span multiple jurisdictions.

The Directors continuously monitor legal, regulatory and environmental changes which could adversely affect the Company. This is accomplished by a number of measures which include and are not limited to, reviewing economic data and specialist reports issued by independent expert publications.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if an Authorised Participant or the Custodian fails to meet its contractual obligations. At the reporting date the Company did not have any Digital Certificates awaiting the transfer of Digital Assets therefore there was no residual credit risk exposure.

Whilst there is an inherent credit risk in the cryptocurrency market due to the nature of Digital Assets, it is the Company's policy to only enter into transactions with reputable Authorised Participants. Therefore, the Company does not expect to incur material credit losses in respect of Digital Assets.

The Board monitors the credit risk exposure on a periodic basis. As at 30 September 2022, the Company has no net exposure to any Digital Assets since its obligations are limited recourse to the relevant Digital Assets held to support the Digital Certificates.

### **Forking**

A fork is a refinement or improvement to a network's source code through one or more software upgrades that could alter the protocols governing the main Bitcoin network and the properties of Bitcoin. The effect would be the existence of two versions of the network running in parallel, and the creation of new digital assets which may lack interchangeability with its predecessor. A hard fork can potentially cause changes to the adoption, use or confidence in the underlying protocol and should such a loss of confidence in the underlying protocol occur, the value of the associated digital currency will decrease, which in turn would affect the value of any Digital Certificates relating to that digital currency.

Furthermore, a fork which results in the creation of a new coin presents a number of operational difficulties. The Custodian may not have the IT-infrastructure to cater for the new coin and its particular characteristics.

Price discovery in respect of the coins which result from a fork is not typically problematic but there may be an impact upon the Issuer's creation and redemption processes (specifically, the timescales involved in connection therewith for transactions which have not yet settled, including transactions that have already been initiated) as a consequence of the foregoing operational considerations. Furthermore, there is no obligation on the Custodian to support any post-fork path in respect of any Digital Assets, and the Custodian has the right to terminate its services in respect of any non-supported fork.

The total carrying amounts of the Digital Assets best represent the maximum risk exposure at the reporting date.

**Risk management (continued)**

**Storage risk**

Storage risk is the risk of loss of Digital Assets. To manage this risk, the Company has partnered with an entity that offers high levels of security for the safekeeping of private keys with elaborate security protocols surrounding access to the secure enclave in which the private keys are stored. However, there is no assurance that these arrangements fully protect from loss of assets. The Company currently has Zodia Custody Limited as the sole Custodian.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with liabilities. The Company's Digital Assets receivable and payable in respect of Management Fees are payable on demand and generally settled on a short term basis.

Unless previously redeemed or cancelled, each Digital Certificate of a Series will be redeemed on the Final Maturity Date, which shall in any case not be earlier than 30 June 2121, at the Specified Currency. In respect of those redemptions settled by delivery of the Digital Asset, a holder of Digital Certificate will receive on a date on or before the third business day following the relevant eligible redemption valuation date. If the Issuer Adviser becomes aware that a settlement disruption event has occurred or exists, settlement will be on the first succeeding day if on or by the 10th business day, relevant sale or delivery is not effected in a commercially reasonable manner.

When Digital Certificates are redeemed, the Company returns the corresponding amount of Digital Assets determined by the Per Certificate Entitlement of those Digital Certificates, therefore the redemption of Digital Certificates would not impact the liquidity of the Company as at 30 September 2022.

**Market risk**

Market risk is the risk that changes in market prices, due to foreign exchange rates, interest rates, digital asset prices and equity prices, will affect the Company's income or the value of its holdings of Digital Assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the structure of the Company's assets and liabilities, particularly the similar terms and conditions of the Digital Assets and Digital Certificates, the Company's net exposure to market risk is considered to be minimal. However, there is an inherent risk where each Series of Certificates are linked to the value of the Digital Assets relating to that Series in the same way that a direct investment in such Underlying Cryptoassets would, and investors should be aware that substantially all of their investment may be lost. The Digital Certificates are not capital protected, for example through a deposit guarantee or protection scheme, and there is therefore a risk of partial or complete loss of investment.

**Sensitivity analysis**

As mentioned in Market risk above, the Company has minimal net exposure to market risk. However, the profit or loss, and other comprehensive income will be affected by movements in the price of the Digital Assets. During the period, the value of Bitcoin traded between US\$17,534 and US\$47,330 (31 March 2022: US\$29,620 and US\$68,390), representing an average price fluctuation of approximately 66% (31 March 2022: 8%) against the CoinShares Price as at 30 September 2022.

The sensitivity analysis below is prepared assuming a 15% percentage point increase in the value of the Digital Assets, whilst 45% was more representative of a potential decrease in the value of the Digital Assets given the volatility observed during the preparation of these financial statements, with all other variables held constant, is used as these represent the management assessment of reasonably possible change.

**30 September 2022**

	Change in period- end price	Effect on profit or loss
		US\$
Digital assets	+15%	8,942,048
	-45%	(26,826,145)
Digital assets held in respect of management fees	+15%	7,302
	-45%	(21,906)
Digital certificates	+15%	(8,942,048)
	-45%	26,826,145
Management fees payable	+15%	(7,302)
	-45%	21,906

**Risk management (continued)**

**Capital management**

The Company is a special purpose vehicle set up to issue series of secured limited recourse Digital Certificates by the Issuer under the Programme described in the base prospectus. Share Capital of £2 was issued in line with Jersey Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

**INVESCO DIGITAL MARKETS PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

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The Directors are responsible for preparing the Directors' Report and interim condensed 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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IFRS**). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the interim condensed financial statements comply with the Companies (Jersey) Law 1991. 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.

**Responsibility statement of the Directors in respect of the Management Report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Management report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board of Directors of the Company

Director: 

Date: Dec 23, 2022

**INVESCO DIGITAL MARKETS PLC**
**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Notes	From 1 April 2022 to 30 September 2022 US\$	From 29 April 2021 to 31 March 2022 US\$
<b>Other income</b>		500	500
<b>Expenses</b>		(517,088)	(486,933)
		<b>(516,588)</b>	<b>(486,433)</b>
Fair value loss on digital assets	4	(80,742,556)	(32,027,522)
Fair value loss on digital assets held in respect of management fees		(69,627)	(26,749)
Fair value gain on digital certificates	6	81,259,644	32,514,455
Fair value gain on management fee payable		69,627	26,749
<b>Profit for the period</b>		<b>500</b>	<b>500</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>500</b>	<b>500</b>

All the items dealt with in arriving at the result for the period relate to continuing activities.

The notes on pages 12 to 15 form an integral part of these unaudited interim condensed financial statements.

**INVESCO DIGITAL MARKETS PLC**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Notes	30 September 2022 US\$	31 March 2022 US\$
<b>Assets</b>			
Digital assets	4	59,613,655	140,014,828
Digital assets held in respect of management fees	5	48,681	118,308
Trade and other receivables		1,003	503
<b>Total Assets</b>		<b>59,663,339</b>	<b>140,133,639</b>
<b>Liabilities</b>			
Digital certificates	6	59,613,655	140,014,828
Trade and other payables	7	48,681	118,308
<b>Total Liabilities</b>		<b>59,662,336</b>	<b>140,133,136</b>
<b>Equity</b>			
Share capital		3	3
Retained earnings		1,000	500
<b>Total Equity</b>		<b>1,003</b>	<b>503</b>
<b>Total Liabilities and Equity</b>		<b>59,663,339</b>	<b>140,133,639</b>

The interim condensed financial statements on pages 8 to 15 were approved and authorised for issue by the Board of Directors on <sup>Dec 23, 2022</sup>.....and signed on its behalf by:



..... Director

The notes on pages 12 to 15 form an integral part of these unaudited interim condensed financial statements.

**INVESCO DIGITAL MARKETS PLC**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Share capital US\$	Retained earnings US\$	Total US\$
As at 29 April 2021	-	-	-
Profit for the period	-	500	500
Other comprehensive income for the period	-	-	-
Share capital issued during the period	3	-	3
<b>As at 31 March 2022</b>	<b><u>3</u></b>	<b><u>500</u></b>	<b><u>503</u></b>
As at 1 April 2022	3	500	503
Profit for the period	-	500	500
Other comprehensive income for the period	-	-	-
<b>As at 30 September 2022</b>	<b><u>3</u></b>	<b><u>1,000</u></b>	<b><u>1,003</u></b>

The notes on pages 12 to 15 form an integral part of these unaudited interim condensed financial statements.

**INVESCO DIGITAL MARKETS PLC**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Notes	30 September 2022 US\$	31 March 2022 US\$
<b>Operating activities</b>			
Profit for the period		500	500
Management fees expense		517,088	486,933
Fair value gain on digital certificates	6	(81,259,644)	(32,514,455)
Fair value gain on management fee payable		(69,627)	(26,749)
Changes in fair value of Digital Assets during the period	4	80,742,556	32,027,522
Fair value loss on digital assets held in respect of management fees		69,627	26,749
Decrease/(Increase) in digital assets held in respect of management fees		69,627	(118,308)
Increase in trade and other receivables		(500)	(500)
(Decrease)/Increase in other payables and accrued expenses		(69,627)	118,308
<b>Net cash generated from operating activities</b>		<u>-</u>	<u>-</u>
Net change in cash and cash equivalents during the period		-	-
Cash and cash equivalents at beginning of the period		-	-
<b>Cash and cash equivalents at end of the period</b>		<u>-</u>	<u>-</u>
<b>Non-cash transactions during the period include:</b>			
Additions on Digital Assets	4	(858,471)	(173,407,669)
Disposals on Digital Assets	4	-	878,386
Subscriptions of Digital Certificates	6	858,471	173,407,669
Redemptions of Digital Certificates	6	-	(878,386)
		<u>-</u>	<u>-</u>

The notes on pages 12 to 15 form an integral part of these unaudited interim condensed financial statements.

## **1. General information**

Invesco Digital Markets plc (the **Company** or **Issuer**) is a company incorporated and domiciled in Jersey, Channel Islands as a public company on 29 April 2021. The address of the registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands.

The principal activity of the Company is to issue series (each, a **Series**) of secured, limited recourse certificates (**Digital Certificates**) by the Issuer under the Secured Cryptocurrency Linked Certificates Programme (the **Programme**) described in the base prospectus (**Base Prospectus**).

The recent Base Prospectus was issued on 16 November 2022. The Digital Certificates were admitted for listing on the Frankfurt Stock Exchange on 20 January 2022.

## **2. Basis of preparation, significant accounting policies, estimates and judgements**

### **Basis of preparation**

The interim condensed financial statements of the Company for the six months ended 30 September 2022 have been prepared in accordance with International Accounting Standards (**IAS**) 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 March 2022 which have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (**IASB**) and Interpretations (collectively **IFRSs**) and in accordance with the Companies (Jersey) Law 1991.

### **Use of estimates and judgements**

There have been no material revisions to the nature and amount of estimates of amounts reported in prior period.

### **Impact of accounting standards to be applied in future periods**

There are a number of standards and interpretations which have been issued by IASB that are effective for periods beginning subsequent to 31 March 2023 (the date on which the Company's next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

### **Significant accounting policies**

The Company has applied the same accounting policies and methods of computation in its interim condensed financial statements as in its 31 March 2022 annual financial statements.

### **Going concern**

The Directors believe that the Company is well placed to manage its business risk successfully and therefore have a reasonable expectation that the Company has adequate resources, as noted below, to continue in operational existence for the foreseeable future, being a minimum of 12 months from the date of this report.

The Company has an obligation to settle amounts due to the holders of Digital Certificates. When these are redeemed, the Company returns the corresponding amount of Digital Assets determined by the Per Certificate Entitlement of those Digital Certificates, therefore the redemption of Digital Certificates would not impact the liquidity of the Company. Furthermore, the Issuer Adviser pays the fees and expenses due to the other service providers in connection with the Programme. Accordingly, the Directors have prepared the interim condensed financial statements on a going concern basis.

A high-level of analysis was made on the liquidity and performance of the Company, following the financial period end 30 September 2022. Based on this, the Directors note that there has been negative change in the prices of Digital Assets. Despite the significant reduction in the price of Digital Assets, the level of activity has remained stable post the financial period end. The Directors have also noted that the Administrator has taken measures to ensure business continuity.

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with the Russian invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. The Directors carefully evaluate the information that becomes available and believe that has no significant impact on the interim condensed financial statements. The Directors will continue to monitor the situation and appropriate steps will be taken for the smooth running of the Company's business.

**INVESCO DIGITAL MARKETS PLC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

**3. Operating expenses**

Certain costs associated with the Company are borne by Issuer Adviser, including the expenses incurred for services provided by Intertrust amounting to US\$43,835 (31 March 2022: US\$70,025).

Management fees to the Issuer Adviser amounted to US\$517,088 (31 March 2022: US\$486,933) during the financial period. As at 30 September 2022, the amount payable to the Issuer Adviser is US\$48,681 (31 March 2022: US\$118,308).

**4. Digital assets**

	<b>30 September 2022</b>	<b>31 March 2022</b>
	<b>US\$</b>	<b>US\$</b>
Digital assets	<u>59,613,655</u>	<u>140,014,828</u>

As at 30 September 2022, there were no amounts of Digital Assets awaiting the settlement in respect of the creation or redemption of Digital Certificates with transaction dates before the period end and settlement dates in the following period.

All Digital Assets have been valued using the CoinShares Price on 30 September 2022. The cost of the Digital Assets as at 30 September 2022 was US\$171,814,623 (31 March 2022: US\$171,816,764) and the Bitcoin wallet balance related to Digital Assets as at this same date was 3,027.64 (31 March 2022: 3,010.15).

The below reconciliation of changes in Digital Assets includes only non-cash transactions related to delivery of Digital Assets against delivery of Digital Certificates (refer to Note 6).

	<b>30 September 2022</b>	<b>31 March 2022</b>
	<b>US\$</b>	<b>US\$</b>
At beginning of the period	140,014,828	-
Additions during the period	858,471	173,407,669
Disposals during the period	-	(878,386)
Transfer to digital assets held in respect of management fees during the period	(517,088)	(486,933)
Changes in fair value during the period	<u>(80,742,556)</u>	<u>(32,027,522)</u>
At end of the period	<u>59,613,655</u>	<u>140,014,828</u>

The changes in fair value during the period represent the loss, as there are no amounts in other comprehensive income, this has been fully recognised in the profit and loss statement.

The Directors consider that the useful life of the Digital Assets is assessed as indefinite on the basis that they can be held, exchanged and transferred as a store of value without an expiration date.

**5. Digital assets held in respect of management fees**

	<b>30 September 2022</b>	<b>31 March 2022</b>
	<b>US\$</b>	<b>US\$</b>
Digital assets held in respect of management fees	<u>48,681</u>	<u>118,308</u>

Digital Assets held in respect of Management Fees are recorded at fair value.

**6. Digital certificates**

	<b>30 September 2022</b>	<b>31 March 2022</b>
	<b>US\$</b>	<b>US\$</b>
Digital certificates	<u>59,613,655</u>	<u>140,014,828</u>

Whilst the Digital certificates are quoted on the open market at US\$61,503,597 (31 March 2022: US\$126,569,425), the Company's ultimate liability relates to its contractual obligations to issue and redeem Digital certificates in exchange for Digital Assets as determined by the Per Digital Certificate Entitlement of each class of Digital certificates on each trading day.

As at 30 September 2022, there were no amounts of Digital Certificates awaiting the settlement in respect of the creation or redemption with transaction dates before the period end and settlement dates in the following period.

**INVESCO DIGITAL MARKETS PLC**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

**6. Digital certificates (continued)**

The below reconciliation of changes in Digital Certificates includes only non-cash changes.

	<b>30 September 2022</b>	<b>31 March 2022</b>
	<b>US\$</b>	<b>US\$</b>
At beginning of the period	140,014,828	-
Subscriptions during the period	858,471	173,407,669
Redemptions during the period	-	(878,386)
Changes in fair value during the period	<u>(81,259,644)</u>	<u>(32,514,455)</u>
At end of the period	<u>59,613,655</u>	<u>140,014,828</u>

**7. Trade and other payables**

	<b>30 September 2022</b>	<b>31 March 2022</b>
	<b>US\$</b>	<b>US\$</b>
Management fees payable	<u>48,681</u>	<u>118,308</u>

Management Fees Payable by transfer of Digital Assets are recorded at redemption amount.

**8. Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 30 September 2022, the Company held the following assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Digital assets	59,613,655	-	-	59,613,655
Digital assets held in respect of management fees	48,681	-	-	48,681
Digital certificates	(59,613,655)	-	-	(59,613,655)
Management fees payable	-	(48,681)	-	(48,681)
	<u>48,681</u>	<u>(48,681)</u>	<u>-</u>	<u>-</u>

As at 31 March 2022, the Company held the following assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Digital assets	140,014,828	-	-	140,014,828
Digital assets held in respect of management fees	118,308	-	-	118,308
Digital certificates	(140,014,828)	-	-	(140,014,828)
Management fees payable	-	(118,308)	-	(118,308)
	<u>118,308</u>	<u>(118,308)</u>	<u>-</u>	<u>-</u>

**8. Fair value (continued)**

The fair value of the assets and liabilities above was calculated using observable market data and require little management judgement and estimation. Availability of observable market prices for cryptocurrencies to which each Series of Digital Certificates are linked reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair value.

There were no transfers between hierarchy levels during the period. The Company's policy is to recognise transfers into and out of fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

**9. Related party transactions**

Ellen Chislett and Ryan Mendez are Directors of certain subsidiaries of Intertrust Fiduciary Services (Jersey) Limited, including Intertrust SPV Services Limited, (together **Intertrust**) which provides administrative, accounting and directorship services to the Company.

During the period, the Issuer Adviser paid the expenses incurred for services provided by Intertrust amounting to US\$43,835 (31 March 2022: US\$70,025). The Directors do not receive remuneration from the Company. The fees paid to Intertrust include the provision of directors among other administrative services.

**Transactions with other significant contracts**

Management fees to the Issuer Adviser amounted to US\$517,088 (31 March 2022: US\$486,933) during the financial period.