

GRAYSCALE LITECOIN TRUST (LTC)

2023 Grantor Trust Tax Information

EIN: 82-6868171

The following information is being provided to assist Shareholders of the Grayscale Litecoin Trust (LTC) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2023 through December 31, 2023.

TAXATION OF THE TRUST

The Trust is a grantor trust for U.S. federal income tax purposes. As a result, the Trust itself is not subject to U.S. federal income tax. Instead, the Trust's income and expenses "flow through" to the Shareholders.

TAXATION OF US INDIVIDUAL SHAREHOLDERS

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income and proceeds, and directly incurred their pro rata share of the Trust's expenses. Most state and local tax authorities follow U.S. income tax rules in this regard. However, Shareholders should contact their own tax advisors as to the state and local tax consequences of ownership of the Trust.

The Trust holds only Litecoin ("LTC") tokens and, accordingly, received no income during the year.

The Trust paid expenses periodically, as shown in the attached 2023 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2023 Expense File. An example illustrating the computation of a Shareholder's share of expenses is provided.

Because the Trust paid out only a de minimis amount of LTC tokens for payment of Trust expenses during the year and made no distributions of sale proceeds to its Shareholders, under Treas. Reg. Sec. 1.671-5(c)(2)(iv)(B) neither the Trust nor brokers are required to report the gross proceeds of Trust sales to Shareholders on Form 1099B. In lieu of Form 1099B, this information is contained in the attached 2023 Gross Proceeds File together with an example illustrating how a Shareholder should calculate gain or loss.

GLOSSARY OF TERMS

Grayscale Litecoin Trust (LTC) - (the "Trust")

Expense File – Summary of allocated monthly Trust expenses per share in USD (page 2)

Gross Proceeds File – Summary of daily value per share (in LTC), amount of LTC paid to cover trust expenses (in LTC), and per share proceeds from LTC paid to cover trust expenses (in USD) - (pages 3 -14)

Pro-Rated Shares – All income and expenses are distributed pro rata based on the actual number of days in the calendar month (see example on page 2)

GRAYSCALE LITECOIN TRUST (LTC) 2023 EXPENSE FILE

Summary of Expenses by Month (Details on pages 3-14)

Date	Expenses Per Share (USD)	Amount of LTC Per Share
January	0.01762542	0.00018794
February	0.01595705	0.00016941
March	0.01679997	0.00018719
April	0.01610841	0.00018077
May	0.01667959	0.00018641
June	0.01897011	0.00018002
July	0.01702771	0.00018563
August	0.01189763	0.00018523
September	0.01186189	0.00017889
October	0.01262277	0.00018446
November	0.01235042	0.00017814
December	0.01351432	0.00018369
Total for year	0.18141529	0.00218778

How to Calculate the Shareholder's Investment Expenses

Identify in the table above the months (full and partial) in which the Shareholder held shares in the Trust. The amount in the column labeled "Expenses Per Share", represents the amount of investment expense paid per share for a full month. For any month in which the shares were not held on each day in such month, the expenses should be pro-rated based on the number of days held (see attached details for each month pages 3-14).

Example illustrating calculation of a Shareholder's 2023 Grayscale Litecoin Trust (LTC) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2023 and sold them on September 15, 2023. For the month of February, Shareholder's expenses are \$0.01595705 (See Summary Table above – February Factor) x (13/28) = \$0.00740863 per share. For the months of March through August, the expenses per share are as shown in the summary table above. For the month of September, Shareholder's expenses are \$0.01186189 (See Summary Table above – September Factor) x (15/30) = \$0.00593095. The total expenses for Shareholder are therefore \$0.11082300 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$2,216.46.

Total Expenses per Share	\$ 0.11082300
Number of Shares Held	20,000
Total Expense	\$ 2,216.46

(Please consult your tax advisor as to reporting)

GRAYSCALE LITECOIN TRUST (LTC) 2023 GROSS PROCEEDS FILE

Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
1/1/2023	0.08860060		
1/2/2023	0.08859453		
1/3/2023	0.08858846		
1/4/2023	0.08858240		
1/5/2023	0.08857633		
1/6/2023	0.08857026		
1/7/2023	0.08856420		
1/8/2023	0.08855813		
1/9/2023	0.08855206		
1/10/2023	0.08854600		
1/11/2023	0.08853993		
1/12/2023	0.08853387		
1/13/2023	0.08852781		
1/14/2023	0.08852174		
1/15/2023	0.08851568		
1/16/2023	0.08850962		
1/17/2023	0.08850355		
1/18/2023	0.08849749		
1/19/2023	0.08849143		
1/20/2023	0.08848537		
1/21/2023	0.08847931		
1/22/2023	0.08847325		
1/23/2023	0.08846719		
1/24/2023	0.08846113		
1/25/2023	0.08845507		
1/26/2023	0.08844901		
1/27/2023	0.08844295		
1/28/2023	0.08843690		
1/29/2023	0.08843084		
1/30/2023	0.08842478		
1/31/2023	0.08841873	0.00018794	0.01762542

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
2/1/2023	0.08841267		
2/2/2023	0.08840661		
2/3/2023	0.08840056		
2/4/2023	0.08839450		
2/5/2023	0.08838845		
2/6/2023	0.08838240		
2/7/2023	0.08837634		
2/8/2023	0.08837029		
2/9/2023	0.08836424		
2/10/2023	0.08835818		
2/11/2023	0.08835213		
2/12/2023	0.08834608		
2/13/2023	0.08834003		
2/14/2023	0.08833398		
2/15/2023	0.08832793		
2/16/2023	0.08832188		
2/17/2023	0.08831583		
2/18/2023	0.08830978		
2/19/2023	0.08830373		
2/20/2023	0.08829768		
2/21/2023	0.08829164		
2/22/2023	0.08828559		
2/23/2023	0.08827954		
2/24/2023	0.08827349		
2/25/2023	0.08826745		
2/26/2023	0.08826140		
2/27/2023	0.08825536		
2/28/2023	0.08824931	0.00016941	0.01595705

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
3/1/2023	0.08824327		
3/2/2023	0.08823722		
3/3/2023	0.08823118		
3/4/2023	0.08822514		
3/5/2023	0.08821909		
3/6/2023	0.08821305		
3/7/2023	0.08820701		
3/8/2023	0.08820097		
3/9/2023	0.08819493		
3/10/2023	0.08818889		
3/11/2023	0.08818285		
3/12/2023	0.08817681		
3/13/2023	0.08817077		
3/14/2023	0.08816473		
3/15/2023	0.08815869		
3/16/2023	0.08815265		
3/17/2023	0.08814661		
3/18/2023	0.08814058		
3/19/2023	0.08813454		
3/20/2023	0.08812850		
3/21/2023	0.08812247		
3/22/2023	0.08811643		
3/23/2023	0.08811039		
3/24/2023	0.08810436		
3/25/2023	0.08809832		
3/26/2023	0.08809229		
3/27/2023	0.08808626		
3/28/2023	0.08808022		
3/29/2023	0.08807419		
3/30/2023	0.08806816		
3/31/2023	0.08806213	0.00018719	0.01679997

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
4/1/2023	0.08805609		
4/2/2023	0.08805006		
4/3/2023	0.08804403		
4/4/2023	0.08803800		
4/5/2023	0.08803197		
4/6/2023	0.08802594		
4/7/2023	0.08801991		
4/8/2023	0.08801388		
4/9/2023	0.08800786		
4/10/2023	0.08800183		
4/11/2023	0.08799580		
4/12/2023	0.08798977		
4/13/2023	0.08798375		
4/14/2023	0.08797772		
4/15/2023	0.08797169		
4/16/2023	0.08796567		
4/17/2023	0.08795964		
4/18/2023	0.08795362		
4/19/2023	0.08794760		
4/20/2023	0.08794157		
4/21/2023	0.08793555		
4/22/2023	0.08792953		
4/23/2023	0.08792350		
4/24/2023	0.08791748		
4/25/2023	0.08791146		
4/26/2023	0.08790544		
4/27/2023	0.08789942		
4/28/2023	0.08789340		
4/29/2023	0.08788738		
4/30/2023	0.08788136	0.00018077	0.01610841

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
5/1/2023	0.08787534		
5/2/2023	0.08786932		
5/3/2023	0.08786330		
5/4/2023	0.08785728		
5/5/2023	0.08785126		
5/6/2023	0.08784525		
5/7/2023	0.08783923		
5/8/2023	0.08783321		
5/9/2023	0.08782720		
5/10/2023	0.08782118		
5/11/2023	0.08781517		
5/12/2023	0.08780915		
5/13/2023	0.08780314		
5/14/2023	0.08779712		
5/15/2023	0.08779111		
5/16/2023	0.08778510		
5/17/2023	0.08777908		
5/18/2023	0.08777307		
5/19/2023	0.08776706		
5/20/2023	0.08776105		
5/21/2023	0.08775504		
5/22/2023	0.08774903		
5/23/2023	0.08774302		
5/24/2023	0.08773701		
5/25/2023	0.08773100		
5/26/2023	0.08772499		
5/27/2023	0.08771898		
5/28/2023	0.08771297		
5/29/2023	0.08770696		
5/30/2023	0.08770096		
5/31/2023	0.08769495	0.00018641	0.01667959

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6/1/2023	0.08768894		
6/2/2023	0.08768294		
6/3/2023	0.08767693		
6/4/2023	0.08767093		
6/5/2023	0.08766492		
6/6/2023	0.08765892		
6/7/2023	0.08765291		
6/8/2023	0.08764691		
6/9/2023	0.08764091		
6/10/2023	0.08763490		
6/11/2023	0.08762890		
6/12/2023	0.08762290		
6/13/2023	0.08761690		
6/14/2023	0.08761090		
6/15/2023	0.08760490		
6/16/2023	0.08759890		
6/17/2023	0.08759290		
6/18/2023	0.08758690		
6/19/2023	0.08758090		
6/20/2023	0.08757490		
6/21/2023	0.08756890		
6/22/2023	0.08756290		
6/23/2023	0.08755690		
6/24/2023	0.08755091		
6/25/2023	0.08754491		
6/26/2023	0.08753891		
6/27/2023	0.08753292		
6/28/2023	0.08752692		
6/29/2023	0.08752093		
6/30/2023	0.08751493	0.00018002	0.01897011

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7/1/2023	0.08750894		
7/2/2023	0.08750295		
7/3/2023	0.08749695		
7/4/2023	0.08749096		
7/5/2023	0.08748497		
7/6/2023	0.08747898		
7/7/2023	0.08747298		
7/8/2023	0.08746699		
7/9/2023	0.08746100		
7/10/2023	0.08745501		
7/11/2023	0.08744902		
7/12/2023	0.08744303		
7/13/2023	0.08743704		
7/14/2023	0.08743105		
7/15/2023	0.08742506		
7/16/2023	0.08741908		
7/17/2023	0.08741309		
7/18/2023	0.08740710		
7/19/2023	0.08740112		
7/20/2023	0.08739513		
7/21/2023	0.08738914		
7/22/2023	0.08738316		
7/23/2023	0.08737717		
7/24/2023	0.08737119		
7/25/2023	0.08736520		
7/26/2023	0.08735922		
7/27/2023	0.08735324		
7/28/2023	0.08734725		
7/29/2023	0.08734127		
7/30/2023	0.08733529		
7/31/2023	0.08732931	0.00018563	0.01702771

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
8/1/2023	0.08732332		
8/2/2023	0.08731734		
8/3/2023	0.08731136		
8/4/2023	0.08730538		
8/5/2023	0.08729940		
8/6/2023	0.08729342		
8/7/2023	0.08728744		
8/8/2023	0.08728147		
8/9/2023	0.08727549		
8/10/2023	0.08726951		
8/11/2023	0.08726353		
8/12/2023	0.08725756		
8/13/2023	0.08725158		
8/14/2023	0.08724560		
8/15/2023	0.08723963		
8/16/2023	0.08723365		
8/17/2023	0.08722768		
8/18/2023	0.08722170		
8/19/2023	0.08721573		
8/20/2023	0.08720975		
8/21/2023	0.08720378		
8/22/2023	0.08719781		
8/23/2023	0.08719184		
8/24/2023	0.08718586		
8/25/2023	0.08717989		
8/26/2023	0.08717392		
8/27/2023	0.08716795		
8/28/2023	0.08716198		
8/29/2023	0.08715601		
8/30/2023	0.08715004		
8/31/2023	0.08714407	0.00018523	0.01189763

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
9/1/2023	0.08713810		
9/2/2023	0.08713213		
9/3/2023	0.08712617		
9/4/2023	0.08712020		
9/5/2023	0.08711423		
9/6/2023	0.08710826		
9/7/2023	0.08710230		
9/8/2023	0.08709633		
9/9/2023	0.08709037		
9/10/2023	0.08708440		
9/11/2023	0.08707844		
9/12/2023	0.08707247		
9/13/2023	0.08706651		
9/14/2023	0.08706055		
9/15/2023	0.08705458		
9/16/2023	0.08704862		
9/17/2023	0.08704266		
9/18/2023	0.08703670		
9/19/2023	0.08703073		
9/20/2023	0.08702477		
9/21/2023	0.08701881		
9/22/2023	0.08701285		
9/23/2023	0.08700689		
9/24/2023	0.08700093		
9/25/2023	0.08699497		
9/26/2023	0.08698902		
9/27/2023	0.08698306		
9/28/2023	0.08697710		
9/29/2023	0.08697114		
9/30/2023	0.08696519	0.00017889	0.01186189

GRAYSCALE LITECOIN TRUST (LTC) 2023 GROSS PROCEEDS FILE

Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
10/1/2023	0.08695923		
10/2/2023	0.08695327		
10/3/2023	0.08694732		
10/4/2023	0.08694136		
10/5/2023	0.08693541		
10/6/2023	0.08692945		
10/7/2023	0.08692350		
10/8/2023	0.08691754		
10/9/2023	0.08691159		
10/10/2023	0.08690564		
10/11/2023	0.08689969		
10/12/2023	0.08689373		
10/13/2023	0.08688778		
10/14/2023	0.08688183		
10/15/2023	0.08687588		
10/16/2023	0.08686993		
10/17/2023	0.08686398		
10/18/2023	0.08685803		
10/19/2023	0.08685208		
10/20/2023	0.08684613		
10/21/2023	0.08684018		
10/22/2023	0.08683424		
10/23/2023	0.08682829		
10/24/2023	0.08682234		
10/25/2023	0.08681639		
10/26/2023	0.08681045		
10/27/2023	0.08680450		
10/28/2023	0.08679856		
10/29/2023	0.08679261		
10/30/2023	0.08678667		
10/31/2023	0.08678072	0.00018446	0.01262277

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
11/1/2023	0.08677478		
11/2/2023	0.08676884		
11/3/2023	0.08676289		
11/4/2023	0.08675695		
11/5/2023	0.08675101		
11/6/2023	0.08674507		
11/7/2023	0.08673912		
11/8/2023	0.08673318		
11/9/2023	0.08672724		
11/10/2023	0.08672130		
11/11/2023	0.08671536		
11/12/2023	0.08670942		
11/13/2023	0.08670348		
11/14/2023	0.08669755		
11/15/2023	0.08669161		
11/16/2023	0.08668567		
11/17/2023	0.08667973		
11/18/2023	0.08667380		
11/19/2023	0.08666786		
11/20/2023	0.08666192		
11/21/2023	0.08665599		
11/22/2023	0.08665005		
11/23/2023	0.08664412		
11/24/2023	0.08663818		
11/25/2023	0.08663225		
11/26/2023	0.08662631		
11/27/2023	0.08662038		
11/28/2023	0.08661445		
11/29/2023	0.08660852		
11/30/2023	0.08660258	0.00017814	0.01235042

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Date	LTC Per Share	Number of LTC Used to Cover Trust Expenses Per Share (in LTC)	Proceeds from Payout of LTC to Cover Trust Expenses Per Share (in USD)
12/1/2023	0.08659665		
12/2/2023	0.08659072		
12/3/2023	0.08658479		
12/4/2023	0.08657886		
12/5/2023	0.08657293		
12/6/2023	0.08656700		
12/7/2023	0.08656107		
12/8/2023	0.08655514		
12/9/2023	0.08654921		
12/10/2023	0.08654328		
12/11/2023	0.08653736		
12/12/2023	0.08653143		
12/13/2023	0.08652550		
12/14/2023	0.08651958		
12/15/2023	0.08651365		
12/16/2023	0.08650773		
12/17/2023	0.08650180		
12/18/2023	0.08649588		
12/19/2023	0.08648995		
12/20/2023	0.08648403		
12/21/2023	0.08647810		
12/22/2023	0.08647218		
12/23/2023	0.08646626		
12/24/2023	0.08646033		
12/25/2023	0.08645441		
12/26/2023	0.08644849		
12/27/2023	0.08644257		
12/28/2023	0.08643665		
12/29/2023	0.08643073		
12/30/2023	0.08642481		
12/31/2023	0.08641889	0.00018369	0.01351432
TOTAL		0.00218778	0.18141529

Grayscale Litecoin Trust (LTC) Gross Proceeds and Expense Files show LTC tokens per share owned in the Trust, as well as LTC tokens paid out, proceeds, and expenses per share in the Trust. You can use this information to calculate your share of Trust expenses, and your gain or loss on sale of LTC tokens to pay such expenses.

The Trust holds no assets other than LTC tokens. Accordingly, when expenses are incurred, Trust assets (i.e., LTC tokens) are sold to cover the expenses. The following example illustrates the tax consequences to the Shareholder. In Step 1, we discuss how a Shareholder would determine his or her stake in the Trust (i.e., how many LTC tokens they own). In Step 2, we discuss how much of his or her stake is sold throughout the year to cover expenses (and how many LTC tokens they still own). In Step 3, we determine the Shareholder's basis in the LTC tokens sold by the Trust. Gain or loss from this sale is determined in relation to the basis of the assets sold. In Step 4, we determine the gain or loss from the sale of the assets and where the gain or loss is reported on the Shareholder's tax return. In Step 5, we calculate the Shareholder's portion of the Trust's expenses. In Step 6, we determine the Shareholder's new balance of LTC tokens at the end of the year and his or her new cost basis in the LTC tokens.

The following example is for illustrative purposes only and is not intended to be construed as tax advice. Shareholders should consult a tax professional in the use of their information on their respective tax returns.

Example: Shareholder XYZ purchases 20,000 Trust shares on 2/10/2023 at a price of \$8.28 per share for a total purchase price of \$165,600. Shareholder XYZ had no other purchases or sales of Trust shares during 2023 and held the shares for the remainder of 2023.

Step 1: Identify the shareholder's pro rata ownership of Litecoin

Locate the Litecoin Per Share amount on Shareholder XYZ's purchase date of 2/10/2023 in the gross proceeds file. In this example the number is 0.08835818. This represents the number of LTC tokens per share on that date.

For Shareholder XYZ, the total amount of LTC tokens owned for its 2/10/2023 purchase is 1,767.16360000 (0.08835818 per share multiplied by 20,000 shares purchased on 2/10/2023). Note: This step should be completed for each date on which Trust shares were purchased.

Step 2: Calculate the Litecoin paid out from Shareholder XYZ's account during 2023 to pay expenses

The LTC tokens paid out per share during 2023 includes the cumulative amounts of all LTC token payouts for the period which includes the day after the purchase date of 2/10/2023 through the day before payout date.

During 2023, the total amount of LTC tokens paid out after the 2/10/2023 purchase date is 0.00193934 per share. This is determined by taking the total amount of LTC tokens per share paid out in 2023 (0.00218778) and subtracting the amount of LTC tokens paid out prior to the purchase (0.00018794 from January plus 0.00006050 (10/28 multiplied by 0.00016941 from February)). Then multiply this number (0.00193934) by the number of shares owned (20,000) for a total of 38.78672857 LTC tokens paid to cover trust expenses.

Step 3: Calculate Shareholder's cost basis in Litecoin paid out from Shareholder's account

Total LTC token payout (<i>Step 2</i>)	38.78672857		
	-----	x	\$ 165,600
LTC tokens acquired (<i>Step 1</i>)	1,767.16360000		
Cost basis of LTC token payout	\$ 3,634.68		

Step 4: Calculate Shareholder's gain or loss on Litecoin payout for each lot purchased

Identify all proceeds per share received by the Trust after Shareholder XYZ's 2/10/2023 purchase date. During 2023, periodic payouts for the period 2/11/2023 through 12/31/2023 generated proceeds per share of \$0.15809092 (total proceeds of payout of LTC tokens for the year, \$0.18141529, less \$0.02332437, which is the proceeds of payouts made prior to purchase [\$0.01762542 from January] plus \$0.00569895 from the first ten days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.15809092 per share X 20,000 shares	\$	3,161.82
Less: Total cost basis of LTC token payout (<i>Step 3</i>)		3,634.68
Total Reportable Gain/(Loss)	\$	<u>(472.86)</u>
(To be reported on Shareholder's Form 1040 Schedule D)		

Step 5: Calculate Shareholder's investment expenses

Identify all expenses per share paid by the Trust after Shareholder XYZ's 2/10/2023 purchase date. During 2023, the expenses were paid periodically and for the period of 2/11/2023 through 12/31/2023 amounted to \$0.15809092 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share (<i>Step 4</i>)	\$	0.15809092
Total Shares		20,000
Total Expense	\$	<u>3,161.82</u>

Step 6: Calculate Shareholder's Adjusted Litecoin Held and Cost Basis

LTC tokens Purchased on 2/10/2023 (<i>Step 1</i>)	1,767.16360000
Less: LTC token payout during 2023 (<i>Step 2</i>)	38.78672857
Adjusted Shareholder's LTC tokens at 12/31/2023	<u>1,728.37687143</u>
Original Purchase Cost on 2/10/2023	\$ 165,600.00
Less: Cost of LTC token payout during 2023 (<i>Step 3</i>)	3,634.68
Adjusted Shareholder's basis at 12/31/2023	<u>\$ 161,965.32</u>

Shareholder's adjusted LTC tokens and adjusted cost calculated in Step 6 are his/her adjusted LTC tokens and adjusted basis for the 2/10/2023 purchase at the end of 12/31/2023.

Shareholders with several purchases should calculate gain, loss and adjusted basis separately for each purchased lot and then sum up the results of each lot to arrive at the net reportable gain or loss and the total investment expenses. Shareholders who purchased their shares prior to 2023, and made no other purchases, should calculate their adjusted cost basis using the gross proceeds information for the relevant years by following the same steps as in the example above. The adjusted cost basis at 12/31/2022 should be used as the beginning cost for 2023 instead of the original purchase cost. Shareholders with an additional purchase in 2023 will have two cost lots to account for in 2023. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.