

**GRAYSCALE ZCASH TRUST (ZEC)**  
2021 Grantor Trust Tax Information  
EIN: 82-6646113

The following information is being provided to assist Shareholders of the Grayscale Zcash Trust (ZEC) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2021 through December 31, 2021

**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 shares of the Trust.

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

The Trust paid expenses periodically, as shown in the attached 2021 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2021 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 ZEC 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 2021 Gross Proceeds File together with an example illustrating how a Shareholder should calculate gain or loss.

**GLOSSARY OF TERMS**

Grayscale Zcash Trust (ZEC) - (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 ZEC), amount of ZEC paid to cover trust expenses (in ZEC), and per share proceeds from ZEC 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 ZCASH TRUST (ZEC) 2021 EXPENSE FILE

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

Date	Expenses Per Share (USD)	Amount of ZEC Per Share
January	0.01482543	0.00017522
February	0.01916902	0.00017161
March	0.02943229	0.00019065
April	0.04527179	0.00018807
May	0.03023610	0.00019418
June	0.02375884	0.00018724
July	0.02125037	0.00019203
August	0.02810486	0.00019275
September	0.01938476	0.00018345
October	0.03301508	0.00019223
November	0.04170924	0.00018564
December	0.02741412	0.00019143
Total for year	0.33357190	0.00224450

## 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 2021 Grayscale Zcash Trust (ZEC) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2021 and sold them on September 15, 2021. For the month of February, Shareholder's expenses are \$0.01916902 (See Summary Table above – February Factor) x (13/28) = \$0.00889990 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 \$0.01938476 (See Summary Table above – September Factor) x (15/30) = \$0.00969238. The total expenses for Shareholder are therefore \$0.19664653 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$3,932.93.

Total Expenses per Share	\$0.19664653
Total Shares	<u>20,000</u>
<b>Total Expense</b>	<b><u>\$ 3,932.93</u></b>

(Please consult your tax advisor as to reporting)

**GRAYSCALE ZCASH TRUST (ZEC) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ZEC Per Share</b>	<b>Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)</b>	<b>Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)</b>
1/1/2021	0.09233027		
1/2/2021	0.09232395		
1/3/2021	0.09231763		
1/4/2021	0.09231130		
1/5/2021	0.09230498		
1/6/2021	0.09229866		
1/7/2021	0.09229234		
1/8/2021	0.09228601		
1/9/2021	0.09227969		
1/10/2021	0.09227337		
1/11/2021	0.09226705		
1/12/2021	0.09226073		
1/13/2021	0.09225441		
1/14/2021	0.09224809		
1/15/2021	0.09224178		
1/16/2021	0.09223546		
1/17/2021	0.09222914		
1/18/2021	0.09222282		
1/19/2021	0.09221651		
1/20/2021	0.09221019		
1/21/2021	0.09220388		
1/22/2021	0.09219756		
1/23/2021	0.09219124		
1/24/2021	0.09218493		
1/25/2021	0.09217862		
1/26/2021	0.09217230		
1/27/2021	0.09216599		
1/28/2021	0.09215968		
1/29/2021	0.09215336		
1/30/2021	0.09214705		
1/31/2021	0.09214074	0.00017522	0.01482543

**GRAYSCALE ZCASH TRUST (ZEC) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ZEC Per Share</b>	<b>Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)</b>	<b>Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)</b>
2/1/2021	0.09213443		
2/2/2021	0.09212812		
2/3/2021	0.09212181		
2/4/2021	0.09211550		
2/5/2021	0.09210919		
2/6/2021	0.09210288		
2/7/2021	0.09209657		
2/8/2021	0.09209027		
2/9/2021	0.09208396		
2/10/2021	0.09207765		
2/11/2021	0.09207134		
2/12/2021	0.09206504		
2/13/2021	0.09205873		
2/14/2021	0.09205243		
2/15/2021	0.09204612		
2/16/2021	0.09203982		
2/17/2021	0.09203351		
2/18/2021	0.09202721		
2/19/2021	0.09202091		
2/20/2021	0.09201460		
2/21/2021	0.09200830		
2/22/2021	0.09200200		
2/23/2021	0.09199570		
2/24/2021	0.09198940		
2/25/2021	0.09198310		
2/26/2021	0.09197680		
2/27/2021	0.09197050		
2/28/2021	0.09196420	0.00017161	0.01916902

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<b>Date</b>	<b>ZEC Per Share</b>	<b>Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)</b>	<b>Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)</b>
3/1/2021	0.09195790		
3/2/2021	0.09195160		
3/3/2021	0.09194530		
3/4/2021	0.09193900		
3/5/2021	0.09193271		
3/6/2021	0.09192641		
3/7/2021	0.09192011		
3/8/2021	0.09191382		
3/9/2021	0.09190752		
3/10/2021	0.09190123		
3/11/2021	0.09189493		
3/12/2021	0.09188864		
3/13/2021	0.09188234		
3/14/2021	0.09187605		
3/15/2021	0.09186976		
3/16/2021	0.09186347		
3/17/2021	0.09185717		
3/18/2021	0.09185088		
3/19/2021	0.09184459		
3/20/2021	0.09183830		
3/21/2021	0.09183201		
3/22/2021	0.09182572		
3/23/2021	0.09181943		
3/24/2021	0.09181314		
3/25/2021	0.09180685		
3/26/2021	0.09180056		
3/27/2021	0.09179428		
3/28/2021	0.09178799		
3/29/2021	0.09178170		
3/30/2021	0.09177542		
3/31/2021	0.09176913	0.00019065	0.02943229

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4/1/2021	0.09176284		
4/2/2021	0.09175656		
4/3/2021	0.09175028		
4/4/2021	0.09174399		
4/5/2021	0.09173771		
4/6/2021	0.09173142		
4/7/2021	0.09172514		
4/8/2021	0.09171886		
4/9/2021	0.09171258		
4/10/2021	0.09170629		
4/11/2021	0.09170001		
4/12/2021	0.09169373		
4/13/2021	0.09168745		
4/14/2021	0.09168117		
4/15/2021	0.09167489		
4/16/2021	0.09166861		
4/17/2021	0.09166233		
4/18/2021	0.09165606		
4/19/2021	0.09164978		
4/20/2021	0.09164350		
4/21/2021	0.09163722		
4/22/2021	0.09163095		
4/23/2021	0.09162467		
4/24/2021	0.09161840		
4/25/2021	0.09161212		
4/26/2021	0.09160585		
4/27/2021	0.09159957		
4/28/2021	0.09159330		
4/29/2021	0.09158702		
4/30/2021	0.09158075	0.00018807	0.04527179

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5/1/2021	0.09157448		
5/2/2021	0.09156821		
5/3/2021	0.09156193		
5/4/2021	0.09155566		
5/5/2021	0.09154939		
5/6/2021	0.09154312		
5/7/2021	0.09153685		
5/8/2021	0.09153058		
5/9/2021	0.09152431		
5/10/2021	0.09151804		
5/11/2021	0.09151178		
5/12/2021	0.09150551		
5/13/2021	0.09149924		
5/14/2021	0.09149297		
5/15/2021	0.09148671		
5/16/2021	0.09148044		
5/17/2021	0.09147417		
5/18/2021	0.09146791		
5/19/2021	0.09146164		
5/20/2021	0.09145538		
5/21/2021	0.09144912		
5/22/2021	0.09144285		
5/23/2021	0.09143659		
5/24/2021	0.09143033		
5/25/2021	0.09142406		
5/26/2021	0.09141780		
5/27/2021	0.09141154		
5/28/2021	0.09140528		
5/29/2021	0.09139902		
5/30/2021	0.09139276		
5/31/2021	0.09138650	0.00019418	0.03023610

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6/1/2021	0.09138024		
6/2/2021	0.09137398		
6/3/2021	0.09136772		
6/4/2021	0.09136146		
6/5/2021	0.09135521		
6/6/2021	0.09134895		
6/7/2021	0.09134269		
6/8/2021	0.09133644		
6/9/2021	0.09133018		
6/10/2021	0.09132392		
6/11/2021	0.09131767		
6/12/2021	0.09131141		
6/13/2021	0.09130516		
6/14/2021	0.09129891		
6/15/2021	0.09129265		
6/16/2021	0.09128640		
6/17/2021	0.09128015		
6/18/2021	0.09127390		
6/19/2021	0.09126764		
6/20/2021	0.09126139		
6/21/2021	0.09125514		
6/22/2021	0.09124889		
6/23/2021	0.09124264		
6/24/2021	0.09123639		
6/25/2021	0.09123014		
6/26/2021	0.09122389		
6/27/2021	0.09121765		
6/28/2021	0.09121140		
6/29/2021	0.09120515		
6/30/2021	0.09119890	0.00018724	0.02375884



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7/1/2021	0.09119266		
7/2/2021	0.09118641		
7/3/2021	0.09118017		
7/4/2021	0.09117392		
7/5/2021	0.09116768		
7/6/2021	0.09116143		
7/7/2021	0.09115519		
7/8/2021	0.09114894		
7/9/2021	0.09114270		
7/10/2021	0.09113646		
7/11/2021	0.09113022		
7/12/2021	0.09112397		
7/13/2021	0.09111773		
7/14/2021	0.09111149		
7/15/2021	0.09110525		
7/16/2021	0.09109901		
7/17/2021	0.09109277		
7/18/2021	0.09108653		
7/19/2021	0.09108029		
7/20/2021	0.09107406		
7/21/2021	0.09106782		
7/22/2021	0.09106158		
7/23/2021	0.09105534		
7/24/2021	0.09104911		
7/25/2021	0.09104287		
7/26/2021	0.09103663		
7/27/2021	0.09103040		
7/28/2021	0.09102416		
7/29/2021	0.09101793		
7/30/2021	0.09101170		
7/31/2021	0.09100546	0.00019203	0.02125037

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8/1/2021	0.09099923		
8/2/2021	0.09099300		
8/3/2021	0.09098676		
8/4/2021	0.09098053		
8/5/2021	0.09097430		
8/6/2021	0.09096807		
8/7/2021	0.09096184		
8/8/2021	0.09095561		
8/9/2021	0.09094938		
8/10/2021	0.09094315		
8/11/2021	0.09093692		
8/12/2021	0.09093069		
8/13/2021	0.09092446		
8/14/2021	0.09091823		
8/15/2021	0.09091201		
8/16/2021	0.09090578		
8/17/2021	0.09089955		
8/18/2021	0.09089333		
8/19/2021	0.09088710		
8/20/2021	0.09088088		
8/21/2021	0.09087465		
8/22/2021	0.09086843		
8/23/2021	0.09086220		
8/24/2021	0.09085598		
8/25/2021	0.09084976		
8/26/2021	0.09084354		
8/27/2021	0.09083731		
8/28/2021	0.09083109		
8/29/2021	0.09082487		
8/30/2021	0.09081865		
8/31/2021	0.09081243	0.00019275	0.02810486

**GRAYSCALE ZCASH TRUST (ZEC) 2021 GROSS PROCEEDS FILE**

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9/1/2021	0.09080621		
9/2/2021	0.09079999		
9/3/2021	0.09079377		
9/4/2021	0.09078755		
9/5/2021	0.09078133		
9/6/2021	0.09077512		
9/7/2021	0.09076890		
9/8/2021	0.09076268		
9/9/2021	0.09075646		
9/10/2021	0.09075025		
9/11/2021	0.09074403		
9/12/2021	0.09073782		
9/13/2021	0.09073160		
9/14/2021	0.09072539		
9/15/2021	0.09071917		
9/16/2021	0.09071296		
9/17/2021	0.09070675		
9/18/2021	0.09070053		
9/19/2021	0.09069432		
9/20/2021	0.09068811		
9/21/2021	0.09068190		
9/22/2021	0.09067569		
9/23/2021	0.09066948		
9/24/2021	0.09066327		
9/25/2021	0.09065706		
9/26/2021	0.09065085		
9/27/2021	0.09064464		
9/28/2021	0.09063843		
9/29/2021	0.09063222		
9/30/2021	0.09062601	0.00018345	0.01938476

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10/1/2021	0.09061981		
10/2/2021	0.09061360		
10/3/2021	0.09060739		
10/4/2021	0.09060119		
10/5/2021	0.09059498		
10/6/2021	0.09058878		
10/7/2021	0.09058257		
10/8/2021	0.09057637		
10/9/2021	0.09057016		
10/10/2021	0.09056396		
10/11/2021	0.09055776		
10/12/2021	0.09055155		
10/13/2021	0.09054535		
10/14/2021	0.09053915		
10/15/2021	0.09053295		
10/16/2021	0.09052675		
10/17/2021	0.09052055		
10/18/2021	0.09051435		
10/19/2021	0.09050815		
10/20/2021	0.09050195		
10/21/2021	0.09049575		
10/22/2021	0.09048955		
10/23/2021	0.09048335		
10/24/2021	0.09047716		
10/25/2021	0.09047096		
10/26/2021	0.09046476		
10/27/2021	0.09045857		
10/28/2021	0.09045237		
10/29/2021	0.09044618		
10/30/2021	0.09043998		
10/31/2021	0.09043379	<b>0.00019223</b>	<b>0.03301508</b>

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11/1/2021	0.09042759		
11/2/2021	0.09042140		
11/3/2021	0.09041520		
11/4/2021	0.09040901		
11/5/2021	0.09040282		
11/6/2021	0.09039663		
11/7/2021	0.09039044		
11/8/2021	0.09038424		
11/9/2021	0.09037805		
11/10/2021	0.09037186		
11/11/2021	0.09036567		
11/12/2021	0.09035948		
11/13/2021	0.09035330		
11/14/2021	0.09034711		
11/15/2021	0.09034092		
11/16/2021	0.09033473		
11/17/2021	0.09032854		
11/18/2021	0.09032236		
11/19/2021	0.09031617		
11/20/2021	0.09030998		
11/21/2021	0.09030380		
11/22/2021	0.09029761		
11/23/2021	0.09029143		
11/24/2021	0.09028524		
11/25/2021	0.09027906		
11/26/2021	0.09027288		
11/27/2021	0.09026669		
11/28/2021	0.09026051		
11/29/2021	0.09025433		
11/30/2021	0.09024815	<b>0.00018564</b>	<b>0.04170924</b>

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12/1/2021	0.09024197		
12/2/2021	0.09023579		
12/3/2021	0.09022960		
12/4/2021	0.09022342		
12/5/2021	0.09021724		
12/6/2021	0.09021107		
12/7/2021	0.09020489		
12/8/2021	0.09019871		
12/9/2021	0.09019253		
12/10/2021	0.09018635		
12/11/2021	0.09018018		
12/12/2021	0.09017400		
12/13/2021	0.09016782		
12/14/2021	0.09016165		
12/15/2021	0.09015547		
12/16/2021	0.09014930		
12/17/2021	0.09014312		
12/18/2021	0.09013695		
12/19/2021	0.09013077		
12/20/2021	0.09012460		
12/21/2021	0.09011843		
12/22/2021	0.09011225		
12/23/2021	0.09010608		
12/24/2021	0.09009991		
12/25/2021	0.09009374		
12/26/2021	0.09008757		
12/27/2021	0.09008140		
12/28/2021	0.09007523		
12/29/2021	0.09006906		
12/30/2021	0.09006289		
12/31/2021	0.09005672	0.00019143	0.02741412
<b>TOTAL</b>		<b>0.00224450</b>	<b>0.33357190</b>

Grayscale Zcash Trust (ZEC) Gross Proceeds and Expense Files show ZEC tokens per share owned in the Trust, as well as ZEC 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 ZEC tokens to pay such expenses.

The Trust holds no assets other than ZEC tokens. Accordingly, when expenses are incurred, Trust assets (i.e., ZEC 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 ZEC 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 ZEC tokens they still own). In Step 3, we determine the Shareholder's basis in the ZEC 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 ZEC tokens at the end of the year and his or her new cost basis in those ZEC 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 2/10/2021 at a price of \$10.36 per share for a total purchase price of \$207,200. Shareholder XYZ had no other purchases or sales of Trust shares during 2021 and held the shares for the remainder of 2021.

**Step 1: Identify the shareholder's pro rata ownership of Zcash.**

Locate the Zcash Per Share amount on Shareholder XYZ's purchase date of 2/10/2021 in the gross proceeds file. In this example the number is 0.09207765. This represents the number of ZEC per share on that date.

For Shareholder XYZ, the total amount of ZEC tokens owned for its 2/10/2021 purchase is 1,841.55300000 (0.09207765 per share multiplied by 20,000 shares purchased on 2/10/2021). Note: This step should be completed for each date on which Trust shares were purchased.

**Step 2: Calculate the Zcash paid out from Shareholder XYZ's account during 2021 to pay expenses**

The ZEC tokens paid out per share during 2021 includes the cumulative amounts of all ZEC token payouts for the period which includes the day after the purchase date of 2/10/2021 through the day before payout date.

During 2021, the amount of ZEC tokens paid out after the 2/10/2021 purchase date is 0.00200799 per share. This is determined by taking the total amount of ZEC tokens per share paid out in 2021 (0.00224450) and subtracting the amount of ZEC tokens paid out prior to the purchase (0.00017522 from January plus 0.00006129 (10/28 multiplied by 0.00017161 from February)). Then multiply this number (0.00200799) by the number of shares owned (20,000) for a total of 40.15981429 ZEC tokens paid to cover trust expenses.

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

Total ZEC token payout ( <i>Step 2</i> )	40.15981429		
ZEC tokens acquired ( <i>Step 1</i> )	<u>1,841.55300000</u>	x	\$207,200
Cost basis of ZEC token payout	\$4,518.53		

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

Identify all proceeds per share received by the Trust after Shareholder XYZ's 2/10/2021 purchase date. During 2021, periodic payouts for the period 2/11/2021 through 12/31/2021 generated proceeds per share of \$0.31190039 (total proceeds of payout of ZEC tokens for the year, \$0.33357190, less \$0.02167151, which is the proceeds of payouts made prior to purchase [\$0.01482543 from January] plus \$0.00684608 from the first ten days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.31190039 per share X 20,000 shares	\$	6,238.01
Less: Total cost basis of ZEC tokens payout ( <i>Step 3</i> )		<u>4,518.53</u>
Total Reportable Gain/(Loss)	\$	<u>1,719.48</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 2/10/2021 purchase date. During 2021, the expenses were paid periodically and for the period of 2/11/2021 through 12/31/2021 amounted to \$0.28448627 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share ( <i>Step 4</i> )	\$	0.31190039
Total Shares		<u>20,000</u>
Total Expense	\$	<u>6,238.01</u>

**Step 6: Calculate Shareholder's Adjusted Zcash tokens Held and Cost Basis**

ZEC tokens Purchased on 2/10/2021 ( <i>Step 1</i> )	1,841.55300000
Less: ZEC token payout during 2021 ( <i>Step 2</i> )	<u>40.15981429</u>
Adjusted Shareholder's ZEC tokens at 12/31/2021	<u>1,801.39318571</u>
Original Purchase Cost on 2/10/2021	\$ 207,200.00
Less: Cost of ZEC token payout during 2021 ( <i>Step 3</i> )	<u>4,518.53</u>
Adjusted Shareholder's basis at 12/31/2021	\$ <u>202,681.47</u>



Shareholder's adjusted ZEC tokens and adjusted cost calculated in Step 6 are his/her adjusted ZEC tokens and adjusted basis for the 2/10/2021 purchase at the end of 12/31/2021.

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 2021, 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 12/31/2020 should be used as the beginning cost for 2021 instead of the original purchase cost. Shareholders with an additional purchase in 2021 will have two cost lots to account for in 2021. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.