



WisdomTree Issuer X Limited

Registered No: 129881

**Annual Report and Financial Statements for the
year ended on 31 December 2023**

WisdomTree Issuer X Limited



Contents

Management and Administration	1
Directors' Report	2-9
Statement of Directors' Responsibilities	10
Independent Auditor's Report	11-19
Statement of Profit or Loss and Other Comprehensive Income	20
Statement of Financial Position	21
Statement of Cash Flows	22
Statement of Changes in Equity	23
Notes to the Annual Financial Statements	24-49

WisdomTree Issuer X Limited

Management and Administration



Directors

Bryan Governey (Appointed 24 May 2023)
Hilary Jones
Peter Ziemba
Alan Baird
Stuart Bell (Resigned 24 May 2023)

Registered Office

28 Esplanade
St Helier
Jersey, JE2 3QA

Manager

WisdomTree Management Jersey Limited
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Custodians

Swissquote Bank Ltd
Chemin de la Crétaux 33
CH-1196 Gland
Switzerland

Coinbase Custody Trust Company, LLC
200 Park Avenue South
Suite 1208
New York, New York 10003
United States of America

Auditor

Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey, JE1 1EY

Administrator

JTC Fund Solutions (Jersey)
Limited
28 Esplanade
St Helier
Jersey, JE4 2QP

Registrar

Computershare Investor Services
(Jersey) Limited
13 Castle Street
St Helier
Jersey JE1 1EY
Channel Islands

Trustee

The Law Debenture Trust
Corporation plc
8th Floor
100 Bishopsgate
London, EC2N 4AG
United Kingdom

Company Secretary

JTC Fund Solutions (Jersey)
Limited
28 Esplanade
St Helier
Jersey, JE4 2QP

Jersey Legal Advisers

Mourant Ozannes (Jersey) LLP
22 Grenville Street
St Helier
Jersey, JE4 8PX

WisdomTree Issuer X Limited

Directors' Report



The directors of WisdomTree Issuer X Limited ("Issuer X" or the "Company"), submit herewith the annual report and audited financial statements of the Company for the year end 31 December 2023. The comparative period is for the year ended 31 December 2022.

Directors

The names and particulars of the directors of the Company during the year and up to date of this financial statement are:

Bryan Governey (Appointed 24 May 2023)
Hilary Jones
Peter Ziemba
Alan George Baird
Stuart Bell (Resigned 24 May 2023)

Directors' Interests

No director has an interest in the Shares of the Company or Digital Security as at the date of this report.

Principal Activities

The Company's principal activity is the issue and listing of securities ("Digital Securities") that track the performance of digital currencies.

The Company provides exposure to Single Digital Asset backed products such as:

- WisdomTree Physical Bitcoin
- WisdomTree Physical Ethereum
- WisdomTree Physical Polkadot
- WisdomTree Physical Cardano
- WisdomTree Physical Solana

The Company also offers exposure to a combination of Digital Assets through the following Digital Securities (collectively referred to as the "Baskets"):

- WisdomTree Physical Mega Cap Equal Weight offers exposure to a combination of:
 - Bitcoin
 - Ethereum
- WisdomTree Physical Crypto Market offers exposure to a combination of :
 - Bitcoin
 - Ethereum
 - Bitcoin Cash
 - Litecoin
 - Solana
 - Cardano
 - Polkadot
 - Avalanche
 - Polygon Matic
 - Cosmos
- WisdomTree Physical Crypto Altcoins offers exposure to a combination of:
 - Bitcoin Cash
 - Litecoin
 - Solana
 - Cardano
 - Polkadot
 - Avalanche
 - Polygon Matic
 - Cosmos

WisdomTree Issuer X Limited**Directors' Report (Continued)****Principal Activities (continued)**

The Baskets are subject to rebalancing due to their composition. Digital Securities can be issued to or redeemed by Authorised Participants (the "AP"). An eligible AP is a securities house or other market professional approved by the Company and with which the Company has entered into an Authorised Participant Agreement with, at its absolute discretion. The Company launched Staking of WisdomTree Solana As of 3 May 2022 and WisdomTree Ethereum as of 21 August 2023 through Coinbase Custody Trust Company, LLC ("Coinbase Custody").

Digital Securities allow investors to gain exposure to digital currencies without needing to take delivery of those digital currencies. It also allows investors to buy and sell their interest through the trading of a security on the SIX Swiss, Euronext Paris, Euronext Amsterdam and Xetra Stock Exchanges and any other exchange to which that security may be admitted to trading from time to time. A Digital Security is an undated secured limited recourse debt obligation of the Company, constituted by a trust instrument. Under the terms of this trust instrument the Digital Securities are secured on an amount of digital currency or combination of digital currencies equivalent to the entitlement to that digital currency (the "Digital Asset") in respect of each Digital Security (referred to as the "Entitlement"), which is calculated in accordance with an agreed formula published in the Prospectus. The Digital Assets are held in custody by designated custodians or their sub-custodians and are the subject of fixed and floating charges in favour of the Trustee. A holder of a Digital Security may facilitate the redemption of that Digital Security through an Authorised Participant and in certain circumstances may be compulsorily redeemed by the Company or in the event where there is no Authorised Participant in the market, directly by the holder of the Digital Security. The amount of Digital Assets equal to the Entitlement on the date of redemption (and subject to applicable order fees).

The Company earns a management fee by reducing the Entitlement of each class of Digital Security on a daily basis by an agreed amount (the "Management Fee"). The Management Fee is calculated with reference to, and settled in the form of digital currency.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited ("ManJer" or the "Manager"), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company, (including marketing) as well as the payment of costs relating to the listing and issue of Digital Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the Management Fees, order fees and 25% of staking income (the "ManJer Fee"). The Digital Assets in respect of the Management Fee are transferred by the Trustee from the Company's Custodian accounts directly to ManJer. In addition, the monetary amounts in respect of the order fees are transferred from the subscribing investor directly to ManJer and there are no cash flows through the Company.

Review of Operations

The most recent Prospectus was issued on 10 July 2023. The table below provides the respective launch dates for each class of digital security offered by the Company together with the listing date per exchange.

WT Securities Programme	Launch date	Six Listing	Euronext Paris Listing	Euronext Amsterdam Listing	Xetra Listing
WisdomTree Physical Bitcoin	28/11/2019	03/12/2019	01/06/2021	01/06/2021	14/04/2021
WisdomTree Physical Ethereum	27/04/2021	29/04/2021	01/06/2021	03/06/2021	29/04/2021
WisdomTree Physical Solana	21/03/2022	29/03/2022	31/03/2022	31/03/2022	29/03/2022
WisdomTree Physical Cardano	21/03/2022	29/03/2022	31/03/2022	31/03/2022	29/03/2022
WisdomTree Physical Polkadot	21/03/2022	29/03/2022	31/03/2022	31/03/2022	29/03/2022
WisdomTree Physical Crypto Market	18/11/2021	29/11/2021	29/11/2021	14/02/2022	29/11/2021
WisdomTree Physical Crypto Altcoins	22/11/2021	29/11/2021	14/02/2022	14/02/2022	29/11/2021
WisdomTree Physical Mega Cap Equal Weight	24/11/2021	29/11/2021	02/12/2021	02/12/2021	29/11/2021

As at 31 December 2023, the amount of Digital Assets under management amounted to USD 410.2 million (31 December 2022: USD 134.3 million). The Company recognises its assets (Digital Assets) at revalued amounts and financial liabilities (Digital Securities) at fair valued amounts in the Statement of Financial Position.

WisdomTree Issuer X Limited**Directors' Report (Continued)****Review of Operations (continued)**

The Company holds Digital Assets to support the Digital Securities as determined by the Entitlement. The Company has entered into contractual obligations to issue and redeem Digital Securities in exchange for Digital Assets as determined by the Entitlement of each class of Digital Security on each trading day. The value of the Digital Assets in respect of each creation and redemption is recorded using the price on the transaction date. The fair value of digital assets under management as at 31 December amounted to:

Digital Assets	Holdings	USD	Holdings	USD
	2023	2023	2022	2022
Bitcoin	7,272	309,950,482	6,432	106,736,744
Ethereum - Unstaked	19,595	45,127,548	21,732	26,122,960
Ethereum - Staked	4,640	10,686,198	-	-
Bitcoin Cash	1,606	423,714	779	76,127
Litecoin	6,548	485,424	1,943	136,386
Solana - Unstaked	105,966	10,944,154	29,421	297,452
Solana – Staked	258,108	26,657,407	7,142	72,203
Cardano	6,496,868	3,913,063	1,625,723	404,480
Polkadot	90,901	775,295	55,759	242,328
Avalanche	10,976	436,192	7,875	86,305
Polygon Matic	572,017	578,652	193,659	148,072
Cosmos	21,095	230,732	-	-
		410,208,861		134,323,057

IFRS 13 requires the Company to identify the principal market for its assets and liabilities, and to utilise the available price within that principal market.

The directors consider the exchanges where the Digital Assets may be traded to constitute markets, and the principal market is an exchange where:

- The Company is not restricted from establishing a trading relationship with the exchange;
- The exchange publishes independent prices; and
- The exchange meets a number of the Company's pre-set eligibility criteria (including reliability of published data, and the greatest trading volumes, particularly in exchanging the underlying Digital Assets for US Dollars, being the functional currency for financial reporting purposes).

In terms of IFRS 13, paragraph 17, the market in which the entity would normally enter into a transaction to sell the asset or to transfer the liability is presumed to be the principal market. During the period the company executed all trades in relation to portfolio rebalancing through Coinbase and it is therefore regarded as its principal market.

As a result, the Digital Assets are revalued to fair value using the exchange price for that digital asset, published by an exchange meeting those requirements (the "Quoted Price"). During the period (and subsequently to the date of this report) the exchange considered by the directors to meet these requirements is Coinbase, Inc. ("Coinbase"). A gain on Digital Assets is recognised in Other Comprehensive Income however, a gain shall be recognised in Profit or Loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in Profit or Loss and an overall loss on Digital Assets is recognised in Profit or Loss (refer to note 2).

In addition, the directors consider the stock exchanges where the Digital Securities are listed to be the principal market and as a result the fair value of the Digital Securities is the on-exchange price as quoted on those stock exchanges demonstrating the greatest volume of active trading. The gain or loss on Digital Securities is recognised through Profit or Loss in line with the Company's accounting policy.

The revalued amounts resulted in a Loss for the period of USD 123,048,834 (2022 USD income of 108,478,633), and Other Comprehensive Income for the period of USD 117,745,301 (2022 USD loss of 114,524,253).

As a result of the difference in valuation between Digital Assets and Digital Securities there is a mis-match between the values recognised (through the application of the Quoted Price against the Digital Assets held to support the Digital Securities) and the market price of Digital Securities.

WisdomTree Issuer X Limited**Directors' Report (Continued)****Review of Operations (continued)**

Digital Assets were revalued as at 31 December 2023 and Digital Securities are at fair valued amounts as at 29 December 2023, being the last trading day of the year. Furthermore, due to a difference in accounting requirements applied to the gains or losses on the Digital Assets and Digital Securities the results and comprehensive income of the Company will reflect a difference. This is presented in more detail in note 15 to these financial statements.

The Company is entitled to a Management Fee which is calculated by reducing the Entitlement of each class of Digital Security on a daily basis. The Management fees charged for the financial year for WisdomTree Bitcoin, WisdomTree Ethereum, WisdomTree Cardano, WisdomTree Polkadot, WisdomTree Solana and WisdomTree Mega Cap was 0.95% per annum and for WisdomTree Crypto Markets and WisdomTree Crypto Altcoins was 1.45% per annum.

During the current and prior period, the Company did not charge any order fees and generated income from Management Fees and Staking Income from Solana and Ethereum as follows:

	Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
Management Fees	2,482,596	2,143,039
Staking Income	257,339	-
Total Fee Income	<u>2,739,935</u>	<u>2,143,039</u>

Non-GAAP Performance Measures

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to the Management Fee, order fees and staking income which, after taking into account other investment income and expenses, resulted in a result before fair value movements for the period of USD Nil. (2022: USD Nil)

As the difference in the valuation of Digital Assets (held to support the Digital Securities) and Digital Securities would be eliminated on a subsequent redemption of the Digital Securities and transfer of the corresponding Digital Asset (as described further in note 8), the Company presents an adjusted Statement of Profit or Loss and Total Comprehensive Income and an adjusted Statement of Changes in Equity for the period in note 15 of the financial statements.

Geopolitical conflicts

The Board continues to monitor and assess the impact of ongoing geopolitical conflicts on the Company's portfolio operations and valuation and will take any further actions needed or as required under the terms of the Prospectus, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions. Whilst it is not currently possible to predict future market conditions and therefore determine if any further action may be required on any other classes of Digital Securities, the action that may be required includes, but is not limited to, temporarily not accepting applications for Digital Securities, temporarily suspending Digital Securities from trading on Stock Exchanges or a compulsory redemption of Digital Securities. The Company has not initiated any of these further actions to date. Any such action will be undertaken in accordance with the constitutive documents of the Digital Securities.

Going Concern

The nature of the Company's business dictates that the outstanding Digital Securities may be redeemed at any time by the holder through an Authorised Participant and in certain circumstances may be compulsorily redeemed by the Company or in the event where there is no Authorised Participant in the market, directly by the holder of the Digital Security. As the redemption of Digital Securities will coincide with the transfer of an equal amount of Digital Assets, and furthermore, the Company will hold the Digital Assets received to support the Digital Securities issued and will only transfer out Digital Assets to facilitate the payment of Management Fees, rebalancing the Baskets or the redemption of Digital Securities, this process is considered to minimise

WisdomTree Issuer X Limited**Directors' Report (Continued)****Review of Operations (continued)****Going Concern (continued)**

exposure to liquidity risk. Staking Expenses are met by the Company, out of the staking income. All other expenses are met by ManJer. The directors are closely monitoring the financial position and performance of ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operation existence until at least 30 April 2025 (being the period of assessment), and accordingly these financial statements have been prepared on the going concern basis.

Future Developments

The Digital Securities are admitted for listing on the SIX Swiss Exchange, Euronext Paris and Amsterdam Exchange and Xetra Exchange (refer to page 3) and the directors are actively seeking to list the Digital Securities on other exchanges in the European Union.

The Board are not aware of any other developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements. Refer to Note 14 for changes in Management fee rates in subsequent periods.

Dividends

Due to the design of the Digital securities, the Company will never have sufficient distributable reserves to enable any declaration or payment of a dividend.

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Directors' Remuneration

No director has a service contract with the Company. The directors of the Company who are employees within the WisdomTree, Inc group, the ultimate parent to ManJer, do not receive separate remuneration in their capacity as directors of the Company. JTC Fund Solutions (Jersey) Limited ("JTC") received a fee in respect of the directors of the Company who are employees of JTC.

The following director's fees have been paid by ManJer on behalf of the Company for the year:

	Year Ended 31 December 2023 GBP	Period Ended 31 December 2022 GBP
Bryan Governey	Nil	Nil
Hilary Jones*	11,040	10,260
Patrick Nyahwo*	Nil	8,130
Alan Baird*	11,040	2,130
Peter Ziemba	Nil	Nil
Stuart Bell (Resigned 24 May 2023)	Nil	Nil

*Directors fees paid to JTC Fund Solutions (Jersey) Limited for the provision of directors to the Company from the date of their appointment. Patrick Nyahwo resigned during the 2022 financial period and was replaced on the Board by Alan Baird. Stuart Bell resigned and was replaced on the Board by Bryan Governey on the 24 May 2023.

There were no amounts of loans, advanced payments and guarantees granted to or on behalf of any Director of the Company.

WisdomTree Issuer X Limited**Directors' Report (Continued)****Review of Operations (continued)****Auditor**

The Independent Auditor is Ernst & Young LLP. A resolution to re-appoint Ernst & Young LLP will be proposed at the next Board meeting of the directors.

The statutory audit fees for the year ended 31 December 2023 was GBP 107,067 (31 December 2022: GBP 85,000) and is borne by ManJer.

Principal risks and uncertainties

There is an inherent risk from the point of view of investors as the values of Digital Assets, and thus the value of the Digital Securities, may vary widely due to, amongst other things, changing supply and demand for Digital Assets, government and monetary policy or intervention, interest rate levels and global or regional political, economic or financial events. The market price of Digital Securities is (and will remain) a function of supply and demand amongst investors wishing to buy and sell Digital Securities and the bid or offer spread that the market makers are willing to quote.

Each Digital Security is a debt instrument whose redemption price is linked to the value of the relevant underlying digital asset or as in the Baskets, a combination of digital assets. Each Digital Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Digital Assets (Held to support the Digital Securities) and not to the Digital Assets of any other class of Digital Security or to the Company. The Company holds Digital Assets to support the Digital Securities. As a result, gains or losses on the liability represented by the Digital Securities are offset by corresponding losses or gains attributable to the Digital Assets (see detail on page 3 regarding the accounting mis-match). However, the difference in valuation between Digital Assets (held to support the Digital Securities) and Digital Securities creates a mis-match between the values reported within these financial statements. The Company's exposure to risks, including further details surrounding the value of Digital Securities and the Digital Assets (held to support the Digital Securities), are disclosed in note 12 and note 15 to the financial statements.

Movements in the value of the Digital Assets (held to support the Digital Securities), and thus the value of the Digital Securities, may vary widely which could have an impact on the demand for the Digital Securities issued by the Company. These movements are shown in notes 7 and 8.

Furthermore, the Company has an obligation to remunerate ManJer with an amount equal to the management fee, the creation and redemption fees earned (the "ManJer Fee") and 25% of staking income earned, which results in the Company recognising a result before fair value movements of nil for each period. As a result, the principal risks and uncertainties to which the Company is exposed has not materially changed during 2023.

Additional information on other financial and operational risks and uncertainties faced by the Company are disclosed in note 12 of these financial statements.

The fair value of Digital Securities as at 31 December amounted to:

Digital Security	In Issue 2023	USD 2023	In Issue 2022	USD 2022
WisdomTree Physical Bitcoin	29,840,158	306,756,824	26,143,998	104,696,254
WisdomTree Physical Ethereum	2,336,328	54,284,581	2,113,928	24,813,287
WisdomTree Physical Cardano	333,000	2,546,493	41,000	123,205
WisdomTree Physical Polkadot	67,270	325,375	67,270	154,048
WisdomTree Physical Solana	2,679,000	36,567,254	64,000	72,179
WisdomTree Physical Crypto Mega Cap				
Equal Weight	490,000	3,112,931	345,000	972,555
WisdomTree Physical Crypto Market	1,259,272	6,394,762	994,272	1,989,240
WisdomTree Physical Crypto Altcoins	1,654,281	4,650,811	752,753	628,926
		414,639,031		133,449,694

Further information on the contractual value of the Digital Securities on a daily basis can be found on the WisdomTree website (<https://www.wisdomtree.eu/en-gb/products>).

WisdomTree Issuer X Limited**Directors' Report (Continued)****Review of Operations (continued)****Principal risks and uncertainties (continued)**

Movements in the value of the underlying Digital Assets (held to support the Digital Security), and thus the value of the Digital Securities, may vary widely which could have an impact on the demand for the Digital Securities issued by the company. These movements are shown in note 7 and 8.

The movement in the prices of the Digital Assets, as at 31 December are:

Digital Assets	USD 2023	USD 2022	% Movement
Bitcoin	42,622.28	16,587.17	157%
Ethereum	2,303.06	1,202.19	92%
Bitcoin Cash	263.85	97.72	170%
Litecoin	74.13	70.09	6%
Solana	103.28	10.07	926%
Cardano	0.60	0.25	140%
Polkadot	8.53	4.35	96%
Avalanche	39.74	10.98	262%
Polygon Matic	1.01	0.76	33%
Cosmos	10.94	-	-

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the directors' report, are such that the directors have determined that the Company is not required to apply, and has elected not to voluntarily apply, the Dutch Corporate Governance Code.

As the Board is small, there is no nomination committee and appointments of new directors are considered by the Board as a whole. The Board does not consider it appropriate that directors should be appointed for a specific term. Furthermore, the structure of the Board is such that it is considered unnecessary to identify a senior non-executive director.

The constitution of the Board is disclosed on page 2. The Board meets regularly as required by the operations of the Company, but at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review.

Internal Control

During the period the Company did not have any employees or subsidiaries, and there is no intention that this will change. The Company, being a special purpose company established for the purpose of issuing Digital Securities, has not undertaken any business, save for issuing and redeeming Digital Securities, entering into the required agreements and performing the obligations and exercising its rights in relation thereto, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Digital Securities and performing the obligations and exercising its rights in relation thereto.

The Company is dependent upon ManJer to provide management and administration services to it. ManJer is licensed under the Financial Services (Jersey) Law 1998 to conduct classes U and Z of Fund Services Business. ManJer outsources the administration services in respect of the Company to JTC Fund Solutions (Jersey) Limited. Documented contractual arrangements are in place with the Administrator that defines the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an ongoing basis by the Board through their review of periodic reports.

ManJer provides management and other services to both the Company and other companies issuing commodity and index tracking securities.

The Board having reviewed the effectiveness of the internal control systems of the Manager and Administrator does not consider that there is a need for the Company to establish its own internal audit function.

WisdomTree Issuer X Limited

Directors' Report (Continued)



Review of Operations (continued)

Audit Committee

The Board has not established a separate audit committee; instead the Board meets to consider the financial reporting by the Company, the internal controls, and relations with the external auditors. In addition, the Board reviews the independence and objectivity of the auditor.

Corporate Social Responsibility

Sustainability and corporate responsibility are embedded throughout the business of the WisdomTree group, as we believe this benefits shareholders and employees of the WisdomTree group, investors in WisdomTree's products as well as wider society.

Environmental, Social and Governance ("ESG") investing is guided at the WisdomTree group level by an ESG Steering Committee, which includes senior leaders from across the WisdomTree group business, and which included several sub-committees focused on particular ESG considerations, such as improving data and transparency into the ESG attributes of WisdomTree's products. Particular ESG considerations relevant to the Company's products are overseen by the directors, leveraging the work undertaken by the ESG Steering Committee. More information on WisdomTree's corporate social responsibility strategy can be found on the WisdomTree group website (<https://www.wisdomtree.eu/en-gb/wisdomtree-corporate-responsibility>).

The Board acknowledges that climate change and its impact on the global economy is of increasing interest and focus for stakeholders and that, where relevant, stakeholders will seek information from companies regarding how climate change is expected to impact the operations of the business and how climate change risk has been considered in the context of reported results.

In acknowledging the above, the Board has considered the Company's exposure to climate change and determined that due to the nature of the Company and its operations there are no directly observed impacts of climate change on the business. As a result, the Board concluded that there is no basis on which to provide extended information of analysis relating to climate change, including as part of the basis of accounting or individual accounting policies adopted by the Company.

In the above determination, the Board has concluded specifically that climate change, including physical and transition risks, does not have a material impact on the recognition and separate measurement considerations of the assets and liabilities in these financial statements as at 31 December 2023.

This conclusion is based on the fact that assets are reported at fair value under IFRS, and as set out in note 12 are categorised as level 1 due to the use of observable, verifiable inputs which is based on market transactions of identical assets through third party pricing sources. The liabilities are valued utilising listed market prices at the period end. These observable inputs and market prices will reflect wider market sentiment, which inherently includes market perspectives relating to the impact of climate change.

The Board recognises that government and societal responses to climate change risks are still developing, and the future impact cannot be predicted. Future valuations of assets and liabilities may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently.

The Board has concluded specifically that climate change, including physical and transition risks, does not have a material impact on the recognition and separate measurement considerations of the assets and liabilities in these financial statements as at 31 December 2023.

DocuSigned by:

CEFA027A46A42F...

Alan Baird

Director

Jersey

19 April 2024

WisdomTree Issuer X Limited

Statement of Directors' Responsibilities



The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

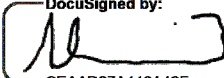
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under the Directive 2004/109/EC, amended by Directive 2013/50/EU (collectively the Transparency Directive), and having regard to the Dutch Financial Supervision Act and Book 2 of the Dutch Civil Code, the directors confirm that to the best of their knowledge that:

- the financial statements for the year ended 31 December 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with IFRS as issued by the IASB; and
- the Directors' Report gives a fair view of the development and performance of the Company's business, including financial position and the important events that have occurred during the year, and their impact on these financial statements, together with a description of the principal risks and uncertainties they face.

By order of the Board

DocuSigned by:

CEAAD27A446A42F...

Alan Baird

Director

Jersey

19 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED

Opinion

We have audited the financial statements of WisdomTree Issuer X Limited (the "company") for the year ended 31 December 2023 which comprise Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes 1 to 15, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the period then ended;
- ▶ have been properly prepared in accordance with IFRS;
- ▶ have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- ▶ We obtained an understanding of management's rationale for using the going concern basis of accounting and confirmed our understanding of management's Going Concern assessment process including the process they adopted to capture all key factors in their assessment;
- ▶ We obtained management's board approved going concern assessment covering the period of assessment from the date of signing to 30 April 2025. Management's assessment has focused on a combination of;
 - ▶ Assessing the ongoing viability of the company through continued involvement of its Custodians and Authorised Participants;
 - ▶ Assessing the ongoing ability of WisdomTree Management Jersey Limited ("ManJer") to continue to meet its obligations as manager and pay all expenses of the Company. This includes consideration of the assets under management of all managed issuer entities ("Issuer Platform") which includes this, Company. In assessing this ability, we considered the fixed and variable operating costs that could be supported under varying levels of total assets under management for the Issuer Platform.
- ▶ Using our understanding of the business, we evaluated whether the considerations and method adopted by management in assessing going concern was appropriate.
- ▶ We performed reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be, and in particular the reduction in platform assets under management, to result in the platform generating insufficient management fees to cover operating costs. We observed significant headroom in management fee income, at current Assets Under Management ("AUM") levels, in excess of fixed and AUM based costs which supports management's assumption that the Issuer Platform is able to absorb heightened levels of volatility in AUM.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

- ▶ We considered whether management's disclosures, in the Annual Report and financial statements, sufficiently and appropriately discloses information required in respect of the going concern assumption applied through consideration of relevant disclosure standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 April 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> ▶ Valuation of Digital Assets ▶ Valuation of Digital Securities ▶ Existence of Digital Assets ▶ Classification of Staked Digital Assets
Materiality	▶ Overall materiality of US\$4.10m which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, changes in the business environment and the potential impact of climate change when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

This is the first year staked assets are material. The accounting policy developed to account for this matter is therefore be of particular relevance in the current audit period.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that there are no directly observed impacts of climate on the business due to the nature of the company and its operations. This is explained on page 9 in the corporate social responsibility section, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering the impact of climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, the adequacy of the company's disclosures in the financial statements as set out in note 2 and conclusion that there was no further impact of climate change to be taken into account as the material assets and liabilities are valued based on market pricing as required by IFRS.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

Risk	Our response to the risk	Key observations communicated to the Board
<p>Valuation of Digital Assets USD 410,208,861 (2022: USD 134,323,057)</p> <p><i>Refer to the Accounting policies (page 28); and Note 7 of the Financial Statements (page 32-34)</i></p> <p>Risk that Digital Asset values are misstated or that valuations are incorrectly calculated.</p> <p>Misstatements that occur in relation to this valuation risk would affect the Digital Assets account on the balance sheet and the net gain or loss on Digital Assets in comprehensive income.</p> <p>The risk comprises the risk of errors in both the valuation methodology applied; and in the source and timing of valuation inputs utilised.</p> <p>The balance of Digital Assets represents in excess of 99% of the company's total assets as at 31 December 2023 (2022: 99%) and therefore any error in valuation approach could be significant.</p> <p>The risk has remained consistent with that observed in the prior year.</p>	<p>Our response to the risk comprised:</p> <p>We Identified fraud risks during the planning stages.</p> <p>We Inquired of management about risks of fraud and the controls put in place to address those risks.</p> <p>We understood the oversight given by those charged with governance of management's processes over fraud.</p> <p>We discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).</p> <p>We Considered the effectiveness of management's controls designed to address the risk of fraud.</p> <p>We performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.</p> <p>We walked through the Company's systems and controls implemented in respect of Digital Asset valuation.</p> <p>We assessed the design of the company's systems and controls implemented in respect of Digital Asset valuation.</p> <p>In executing our strategy, we adopted a substantive audit approach.</p> <p>We understood the process applied by management in the computation of Digital Asset valuation, including the valuation methodology used and nature and source of key input data.</p> <p>We understood any restrictions on withdrawals from the digital wallet and their impact on valuation.</p> <p>We identified and validated key inputs and assumptions used to derive the value of the Digital Assets held including assessment of the principal market through volumes analysis.</p>	<p>There were no matters identified during our audit work on valuation of Digital Assets that we brought to the attention of the Board of Directors of the company.</p> <p>Based on our testing we are satisfied that the valuation of the Digital Assets is not materially misstated.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

Risk	Our response to the risk	Key observations communicated to the Board
	<p>We recalculated the fair value of 100% of the Digital Assets held through agreement of prices to an external source and determined that the valuation methodology applied is consistent with the valuation requirements of IFRS.</p>	
<p>Valuation of Digital Securities Issued USD 414,639,031 (2022: USD 133,449,694)</p> <p><i>Refer to the Accounting policies (page 29); and Note 8 of the Financial Statements (pages 34-36)</i></p> <p>Risk that values of securities in issue are misstated or that valuations are incorrectly captured, either as a result of an inappropriate pricing source being used or incorrect timing of price capture.</p> <p>The Digital Securities in issue comprise a range of financial instruments that provide holders of issued securities with exposure to movements in prices of digital assets.</p> <p>The risk comprises the risk of errors in both the valuation methodology applied; and in the source and timing of valuation inputs utilised.</p> <p>Misstatements that occur in relation to this valuation risk would affect the Digital Securities liability account on the balance sheet and the net gain or loss on Digital Securities in the income statement.</p> <p>The balance of Digital Securities represents in excess of 99% of the company's total liabilities as at 31 December 2023 (2022: 99%) and therefore any error in valuation approach could be significant.</p> <p>The risk has remained consistent with that observed in the prior year.</p>	<p>Our response to the risk comprised:</p> <p>We walked through the Company's systems, controls and processes implemented in respect of the valuation of Digital Securities.</p> <p>We assessed the design of the company's systems and controls implemented in respect of Digital Securities valuation.</p> <p>In executing our strategy, we adopted a substantive audit approach.</p> <p>We assessed the appropriateness of the valuation methodology applied, comprising the use of traded security prices to value the Digital Securities, against relevant IFRS requirements.</p> <p>We independently obtained security prices using external pricing sources at the balance sheet date.</p> <p>We recalculated the value of Digital Securities held at 31 December 2023, by multiplying the security price by the confirmed security balance in issue. This represented 100% of the total value of Digital Securities in issue.</p>	<p>We concluded that there were no matters identified during our audit work on valuation of Digital Securities issued that we wanted to bring to the attention of the Board of Directors of the company.</p> <p>Based on our testing we are satisfied that the valuation of Digital Securities is not materially misstated.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

<p>Existence of Digital Assets USD 410,208,861 (2022: USD 134,323,057)</p> <p><i>Refer to the Accounting policies (page 28); and Note 7 of the Financial Statements (page 32-34)</i></p> <p>Digital Assets are digital currencies held by the company.</p> <p>Due to the significance of the carrying value of these investments there is a risk of potential misappropriation of Digital Assets, which may result if the private key is compromised, or through potential loss or destruction of the private key resulting in an inability to access the Digital Assets.</p> <p>Misstatements that occur in relation to this existence risk would affect the Digital Assets on the balance sheet and the net gain or loss on Digital Assets in comprehensive income.</p> <p>The risk has remained consistent with that observed in the prior year.</p>	<p>Our response to the risk comprised:</p> <p>We walked through the Company's systems, controls and processes implemented in respect of existence of Digital Assets and the private key.</p> <p>We assessed the design of the company's systems and controls implemented in respect of Digital Assets existence.</p> <p>In executing our strategy, we adopted a substantive audit approach.</p> <p>We observed management perform a withdrawal after the period end to confirm continued access to the private keys for a sample of wallets exceeding 97% of Digital Assets.</p> <p>We obtained confirmation of holdings as at the balance sheet date from the custodian.</p> <p>We used blockchain analyser tool and a public data node to corroborate recorded transactions on the blockchain and the period end balance of all Digital Assets.</p>	<p>There were no matters identified during our audit work on existence of Digital Assets that we brought to the attention of the Board of Directors of the company.</p> <p>Based on our testing we are satisfied that the Digital Assets reported in the financial statements are not materially misstated.</p>
<p>Classification of Staked Digital Assets USD 37,343,605 (2022: USD 72,203)</p> <p><i>Refer to the Accounting policies (page 28); and Note 7 of the Financial Statements (page 32-34)</i></p> <p>Under IAS 38 Intangible Assets management have made a significant judgement whether staking results in the derecognition of the original un-staked digital assets and therefore that the classification as intangible asset under the revaluation model remains appropriate.</p> <p>Due to the significance of the carrying value of these intangible assets and associated judgement regarding continued recognition there is a risk that the staked assets are incorrectly classified and as a result the financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p>	<p>Our response to the risk comprised:</p> <p>We walked through the Company's systems, controls and processes implemented in respect of determining the accounting classification and policies for staked digital assets.</p> <p>We obtained and evaluated management's accounting policy and financial statement disclosures, through the use of EY digital asset subject matter resources and financial accounting teams.</p>	<p>There were no matters identified during our audit work on classification of Staked Digital Assets that we brought to the attention of the Board of Directors of the company.</p> <p>Based on our assessment we are satisfied that the classification of Staked Digital Assets reported in the financial statements does not result in a material misstatement.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be US\$4.10 million (2022: US\$1.34 million), which is 1% of total assets. We believe that Total Assets provides us with an appropriate basis for audit materiality as Total Asset value reflects the relevant exposure of holders of issued securities to the underlying Digital Asset base.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2022: 75%) of our planning materiality, namely US\$2.05m (2022: US\$1.01m). We have set performance materiality at this percentage in response to the value of errors identified and corrected in the prior year financial statement close process. We had set performance materiality at 75% of our planning materiality in the prior year based on our prior experience of not identifying errors or significant audit differences.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board that we would report to them all uncorrected audit differences in excess of US\$0.21m (2022: US\$0.07m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 10, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the company's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

European Single Electronic Format (ESEF)

The Company has prepared its annual report and financial statements in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report and financial statements prepared in XHTML format complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report and financial statements in accordance with the RTS on ESEF.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report and financial statements complies with the RTS on ESEF.

We performed our procedures having regard for Dutch Standard 3950N 'Assurance engagements relating to criteria for digital reporting'. Our procedures included amongst others:

- ▶ obtaining an understanding of the entity's financial reporting process, including the preparation of the annual report and financial statements in XHTML-format;
- ▶ Identifying and assessing the risks that the annual report and financial statements does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including obtaining the annual report and financial statements in XHTML format and performing validations to determine whether the annual report and financial statements complies with the RTS on ESEF.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on pages 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, comprising IFRS, the Companies (Jersey) Law 1991 and the listing rules of Euronext Amsterdam;
- ▶ We understood how WisdomTree Issuer X Limited is complying with those frameworks by making enquiries of the directors and key management of the administrative service provider. We corroborated our enquiries through our review of minutes of Board meetings, papers provided to the board and correspondence received from regulatory bodies. We considered assessments made by management in relation to compliance with the rules of Euronext Amsterdam;
- ▶ We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the investment objectives of the Company and discussing with management to understand where reporting was considered susceptible to fraud. Where this risk was considered to be higher, we performed audit procedures in response to the identified fraud risk. These procedures included testing of transactions to supporting documentation, testing of specific accounting journal entries and focussed testing, including that referred to in the key audit matters section above. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations, a review of any associated reporting submitted to the board on compliance with laws and regulations and enquiries of members of management of the appointed administrative service provider;
- ▶ As the Company operates in the asset management industry the Audit Partner reviewed the experience of the engagement team and concluded that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the audit committee, we were appointed by the company on 26 November 2019 to audit the financial statements. The first statutory period was for the period ending 31 December 2020. The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the statutory period and years ending 31 December 2020 to 31 December 2023 respectively.

- ▶ The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- ▶ The audit opinion is consistent with the additional report to those charged with governance.




Building a better
working world

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WISDOMTREE ISSUER X LIMITED (continued)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

72A2C1105AEC4A0...

Andrew Jonathan Dann, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 19 April 2024

WisdomTree Issuer X Limited

Statement of Profit or Loss and Other Comprehensive Income



		Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
Profit or Loss			
Income			
Management fee Income	3	2,482,596	2,143,039
Staking Income	3	257,339	-
Expense			
Management fee Expenses	3	(2,546,962)	(2,143,039)
Staking Expense	3	(192,973)	-
Result Before Fair Value Movements	3	-	-
Net (Loss)/Gain Arising on Fair Value of Digital Securities	8	(233,350,789)	251,829,875
Net Loss Arising on Fair Value of Management Fee Payable		(97,589)	(137,175)
Reversal of Loss and Net (Loss) Arising on Fair Value of Digital Assets	7	110,399,544	(143,214,067)
(Loss)/ Income for the Year		(123,048,834)	108,478,633
Other Comprehensive Income			
Items that may not be Reclassified Subsequently to Profit or Loss:			
Net Gain and Reversal of (Gain) Arising on Fair Value of Digital Assets	7	117,647,712	(114,661,428)
Net Gain Arising on Fair Value of Digital Assets Held in Respect of Management Fees		97,589	137,175
Other Comprehensive Income / (Loss) for the Year		117,745,301	(114,524,253)
Total Comprehensive Loss for the Year¹		(5,303,533)	(6,045,620)

The directors consider the Company's activities as continuing.

The notes on pages 24 to 49 form part of these annual financial statements

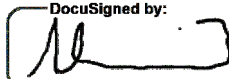
¹ A non-statutory and non-GAAP Statement of Profit or Loss and Total Comprehensive Loss reflecting adjustments representing the movement in the difference between the value of Digital Assets (held to support the Digital Securities) and the price of Digital Securities is set out in note 15.

WisdomTree Issuer X Limited**Statement of Financial Position**

	Notes	As at 31 December 2023 USD	As at 31 December 2022 USD
Assets			
Digital Assets	7	410,208,861	134,323,057
Digital Assets Held in Respect of Management Fees	5	377,438	113,847
Trade and Other Receivables	6	2	2
Total Assets		410,586,301	134,436,906
Liabilities			
Digital Securities	8	414,639,031	133,449,694
Trade and Other Payables	9	377,438	113,847
Total Liabilities		415,016,469	133,563,541
Equity			
Stated Capital	10	2	2
Retained (Losses)/Earnings		(117,673,540)	873,363
Revaluation Reserve		113,243,370	-
Total Equity		(4,430,168)	873,365
Total Equity and Liabilities		410,586,301	134,436,906

The assets and liabilities in the above Statement of Financial Position are presented in order of liquidity from most to least liquid.

The financial statements on pages 20 to 49 were approved and authorised for issue by the board of directors and signed on its behalf on 19 April 2024.

DocuSigned by:

 CEAAD27A446A42F...
Alan Baird
 Director

The notes on pages 24 to 49 form part of these annual financial statements

WisdomTree Issuer X Limited

Statement of Cash Flows



		Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
(Loss)/Income for the Year		(123,048,834)	108,478,633
Non-cash Reconciling Items			
Net Loss/(Gain) Arising on Fair Value of Digital Securities	8	233,350,789	(251,829,875)
Net Loss Arising on Fair Value of Management Fee Payable		97,589	137,175
Reversal of Loss and Net (Loss) Arising on Fair Value of Digital Assets	7	(110,399,544)	143,214,067
(Increase)/decrease in Digital Assets Held in Respect of Management Fees		(263,592)	192,045
Increase/(decrease) in Trade and Other Payables		263,592	(192,045)
Increase in Digital Assets Awaiting Settlement		-	(3,384,284)
Decrease in Digital Securities Awaiting Settlement		-	3,384,284
		123,048,834	(108,478,633)
Cash Generated from Operating Activities		-	-
Investing Activities			
Cash Received from Rebalancing transactions		1,263,363	681,828
Cash Paid from Rebalancing Transactions		(1,263,363)	(681,828)
		-	-
Net Increase in Cash and Cash Equivalents		-	-
Cash and Cash Equivalents		-	-
Net Increase in Cash and Cash Equivalents		-	-
Cash and Cash Equivalents at the End of the Year		-	-

Digital Securities are issued through a direct transfer of Digital Assets from the Authorised Participants to the Custodian or redeemed by the direct transfer of Digital Assets by the Custodian to the Authorised Participants. As such the Company is not a party to any cash transactions with the Authorised Participants. The creations and redemptions of Digital Securities and additions and disposals of Digital Assets (other than the rebalancing transactions included in investing activities), which are non-cash transactions for the Company, are disclosed in notes 7 and 8 respectively in the reconciliation of opening to closing Digital Securities and Digital Assets. The Company does hold a cash account with the Custodian to enable rebalancing of the Baskets where direct pairs of Digital Assets cannot be traded. In such circumstances the Custodian will convert the Digital Asset to USD in order to purchase the corresponding Digital Asset required for the rebalancing and no cash will remain in the account.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited ("ManJer" or the "Manager"), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company, (including marketing) as well as the payment of costs relating to the listing and issue of Digital Securities. In return for these services, the Company has an obligation to remunerate ManJer with an amount equal to the aggregate of the Management Fee, the order fees and 25% of the staking income (the "ManJer Fee"). The Digital Assets in respect of the Management Fee are transferred from the Company's Custodian accounts to ManJer's Custodian accounts in Digital Assets as disclosed in note 7. In addition, the order fees are transferred directly from the Authorised Participants to ManJer and there are no cash flows through the Company.

The notes on pages 24 to 49 form part of these annual financial statements

WisdomTree Issuer X Limited

Statement of Changes in Equity



	Stated Capital	Retained (Losses)/ Earnings	Revaluation Reserve	Total Equity
	USD	USD	USD	USD
Opening Balance at 01 January 2022	2	(111,806,783)	118,725,766	6,918,985
Income for the Period	-	108,478,633	-	108,478,633
Other Comprehensive Loss for the Year	-	-	(114,524,253)	(114,524,253)
Total Comprehensive Income for the Year	-	108,478,633	(114,524,253)	(6,045,620)
Transfer on sale of Digital Assets and Digital Assets held in respect of Management Fees	-	4,201,513	(4,201,513)	-
Closing Balance at 31 December 2022²	2	873,363	-	873,365
Opening Balance at 01 January 2023	2	873,363	-	873,365
Loss for the Period	-	(123,048,834)	-	(123,048,834)
Other Comprehensive Income for the Year	-	-	117,745,301	117,745,301
Total Comprehensive Loss for the Year	-	(123,048,834)	117,745,301	(5,303,533)
Transfer on sale of Digital Assets and Digital Assets held in respect of Management Fees	-	4,501,931	(4,501,931)	-
Closing Balance at 31 December 2023²	2	(117,673,540)	113,243,370	(4,430,168)

The notes on pages 24 to 49 form part of these annual financial statements

² A non-statutory and non-GAAP Statement of Changes in Equity reflecting adjustments representing the difference between the value of Digital Assets (held to support the Digital Securities) and the price of Digital Securities is set out in note 15.

Notes to the Financial Statements

1. General Information

WisdomTree Issuer X Limited (the “Company”) is a company incorporated and domiciled in Jersey. The address of the registered office is 28 Esplanade, St. Helier, Jersey, JE4 2QP.

The purpose of the Company is to provide a vehicle that facilitates the issuance and subsequent listing and trading of securities that track the performance of digital currencies (“Digital Securities”). The most recent Prospectus was issued on 10 July 2023. Details regarding the listing of each class of Digital Security can be found on page 3 of the Directors’ Report.

Each Digital Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant digital currencies (held to support the Digital Securities) and not to the digital currencies of any other Digital Security or to the Company. The Digital Securities are secured on an amount of digital currencies equivalent to the entitlement to that digital asset (the “Digital Asset”) in respect of each Digital Security (referred to as the “Entitlement”), which is calculated in accordance with an agreed formula published in the Prospectus. The Company holds Digital Assets to support the Digital Securities as determined by the Entitlement. The Company does not make gains from trading in the Digital Assets (held to support the Digital Securities). However, the difference in valuation between Digital Assets (held to support the Digital Securities) and Digital Securities creates a mis-match between the values reported within these financial statements (refer to note 2). This difference in valuation would be eliminated on a subsequent redemption of the Digital Securities and transfer of the corresponding Digital Asset. Further details are disclosed within the Accounting Policies and in note 15, with additional information regarding the risks of the Company disclosed in note 12. Furthermore, the Company presents an adjusted Statement of Profit or Loss and Total Comprehensive Income and an adjusted Statement of Changes in Equity for the period in note 15 of the financial statements.

Exchange traded products are not typically actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. Other than in the case of rebalancing the Baskets, no active trading or management of Digital Assets is required of the Company because the Company only receives or delivers Digital Assets on the issue and redemption of Digital Securities, and only holds Digital Assets as determined by the Entitlement of each class to support the Digital Securities.

The Company is entitled to:

- (1) a management fee which is calculated by reducing the Entitlement of each class of Digital Security on a daily basis by an agreed amount (the “Management Fee”);
- (2) Staking income earned on staked Digital Assets, and
- (3) order fees on the issue and redemption of the Digital Securities.

No order fees are payable to the Company when investors trade in the Digital Securities on a listed market such as the SIX Swiss Exchange. Order fees may also be waived with certain approved persons where applicable.

The Company has entered into a service agreement with WisdomTree Management Jersey Limited (“ManJer” or the “Manager”), whereby ManJer is responsible for supplying or procuring the supply of all management and administration services required by the Company, (including marketing) as well as the payment of costs relating to the listing and issuance of Digital Securities. In return for these services, the Company pays ManJer an amount equal to the Management Fee, 25% of staking income and the order fees earned (the “ManJer Fee”). As a result, there is no result before fair value movements recognised through the Company.

2. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, except for:

- financial liabilities held at fair value through profit or loss;
- revaluation of Digital Assets at fair value; and
- revaluation of Digital Assets Held in Respect of Management Fees.

Corporate Social Responsibility

The Board has considered the Company’s exposure to climate change and determined that due to the nature of the Company and its operations there are no directly observed impacts of climate change on the business. As a result, the Board concluded that there is no basis on which to provide extended information of analysis relating to climate change, including as part of the basis of accounting or individual accounting policies adopted by the Company.

In the above determination, the Board has concluded specifically that climate change, including physical and transition risks, does not have a material impact on the recognition and separate measurement considerations of the assets and liabilities in these financial statements as at 31 December 2023.

This conclusion is based on the fact that assets are reported at fair value under IFRS, and as set out in note 12 are categorised as level 1 due to the use of observable, verifiable inputs from an exchange. The liabilities are valued utilising listed market prices at the period end. These observable inputs and market prices will reflect wider market sentiment, which includes market perspectives relating to the impact of climate change.

Critical Accounting Estimates and Judgements

The presentation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

The Company can make estimates and judgements that affect the reported amounts of assets and liability. Where estimates and judgements are made, they are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company did not make any estimates during the year and the key accounting judgements required to prepare these financial statements are:

1. The determination of the functional currency.

The principal activity of the Company is to hold Digital Assets to support the Digital Securities issued, and the Company has entered into contractual obligations to issue Digital Securities through a direct transfer of Digital Assets from the Authorised Participant to the Custodian or redeemed by the direct transfer of Digital Assets by the Custodian to the Authorised Participant. Furthermore, the majority of the Company’s income and expenses are transacted through the transfer of Digital Assets.

Given that the activities described above the Company also considered other factors in determining the functional currency, specifically:

- the base currency denomination of the Digital Securities issued;
- the denomination of the order fees; and
- the level of trading of Digital Assets on a variety of exchanges, against fiat currencies.

As a result of the assessment, the Company concluded that United States Dollars is the functional currency of the Company.

2. Accounting Policies (continued)

Critical Accounting Estimates and Judgements (continued)

2. The determination of the valuation methodology applied to Digital Assets.

The Prospectus includes a description of a methodology for investors to calculate an indicative net asset value (“NAV”) of the WisdomTree Bitcoin and WisdomTree Ethereum securities using the relevant Reference Rate published by the Chicago Mercantile Exchange Group (“CME”), being either the CME CF Bitcoin Reference Rate or the CME CF Ethereum Reference Rate (collectively the “CME Price”).

The application of the IAS 38 revaluation model requires an active market for the transfer and sale of the Digital Assets that the Company holds, and that the fair value shall be calculated by reference to the market price. The CME Price is designed to represent the daily price by applying transparent indicators with independent governance and oversight. It is calculated based on the transactions of all constituent exchanges (i.e. being observed on-market prices) included in the index (the “CME Relevant Transactions”).

As a result, the CME Price is not considered to meet the definition of a level 1 fair value price under IFRS 13 (as required by the application of revaluation model under IAS 38), which requires the Company to identify the principal market and to utilise the available prices within that principal market, and is therefore not suitable to be applied for use in measurement of fair value of assets within these financial statements. Consequently, a difference arises between the indicative NAV of the Digital Securities applying the CME Price (as set out in the Prospectus) and the value of the Digital Assets are presented in these financial statements.

There are various exchanges that each have their own independent digital currency prices each day, and the Company could access any one of these exchanges to be able to transact. As a result there is judgement required in determining the principal market and therefore the appropriate market price to be applied, in accordance with the provisions of IFRS 13.

The directors shall select the principal market based on the following criteria:

- The Company is not restricted from establishing a trading relationship with the exchange;
- The exchange publishes independent prices; and
- The exchange meets a number of the Company’s pre-set eligibility criteria (including reliability of published data, and greatest trading volumes particularly in exchanging the underlying Digital Assets for US Dollars being the functional currency for financial reporting purposes).

In terms of IFRS 13, paragraph 17, the market in which the entity would normally enter into a transaction to sell the asset or to transfer the liability is presumed to be the principal market which is Coinbase. During the period the company concluded all trades in relation to portfolio rebalancing through Coinbase and it is therefore regarded as its principal market.

The Digital Assets are revalued using the exchange price for that digital asset, published by an exchange meeting those requirements (the “Quoted Price”). In addition, the directors shall re-assess the principal market at the start of each financial, or interim financial period, as well as at any time it is determined the current principal market is no longer meets the determined criteria as set out above. During the period (and subsequently to the date of this report) the exchange considered by the directors to meet these requirements is Coinbase.

Furthermore, digital currency trading exchanges are generally open to trade 24 hours a day and the directors have been required to apply further judgment in selecting the time at which the Quoted Price is taken as the markets do not have a ‘close’. The directors have determined that the Quoted Price of the Digital Assets shall be taken at 4:30pm (GMT) as this mirrors the time that the markets of the Digital Securities close for trading, and it is considered that this would minimise the potential mismatch between the assets and liabilities.

Digital Assets were revalued as at 31 December 2023 and Digital Securities are at fair valued amounts as at 29 December 2023, being the last trading day of the year. The directors do not consider that any significant estimates have been applied in the preparation of these financial statements.

2. Accounting Policies (continued)

Critical Accounting Estimates and Judgements (continued)

3. The determination of recognition of the staked digital assets.

The Company has enabled staking of Digital Assets, staking a target of 80% of the amount of assets of WisdomTree Solana and a target of 20% of the amount of assets of WisdomTree Ethereum through Coinbase Validators and its Service Providers via Coinbase Custody. The average staking period for assets relating to WisdomTree Physical Solana and WisdomTree Physical Ethereum are 2.5 days and 10 days, respectively.

The characteristics of the staked assets is as follows:

- The staked assets are unregulated and not controlled by a central authority
- The staked assets are digital coins or tokens recorded using a distributed ledger infrastructure
- The coins are intangible in nature and non-monetary
- The coins are staked using private validators
- The coins are held in cold storage wallets for the duration of the staking period

Having considered the above characteristics and the fact that the Company still has the rights to control the assets as they remain in cold storage and can unstake the digital assets in under 30 days and trade them, Management has analysed and concluded not to derecognise the original unstaked assets and continue to measure the staked Digital Assets using the revaluation model under IAS 38.

Significant Judgements

The key accounting judgement required to prepare these financial statements is in respect of the presentation of non-statutory and non-GAAP adjustments to the Statement of Profit or Loss and Other comprehensive Income and the Statement of Changes in Equity, as disclosed in note 15.

Going Concern

The nature of the Company's business dictates that the outstanding Digital Securities may be redeemed at any time by the holder through an Authorised Participant and in certain circumstances may be compulsorily redeemed by the Company or in the event where there is no Authorised Participant in the market, directly by the holder of the Digital Security. As the redemption of Digital Securities will coincide with the transfer of an equal amount of Digital Assets, and furthermore, the Company will hold the Digital Assets received to support the Digital Securities issued and will only transfer out Digital Assets to facilitate the payment of Management Fees, rebalancing the Baskets or the redemption of Digital Securities, no net liquidity risk is considered to arise. Staking Expenses are met by the Company, out of the staking income. All other expenses are met by ManJer. The directors are closely monitoring the financial position and performance of ManJer, its assets under management, and therefore its related revenue streams, in respect of fulfilling the obligations under the services agreement. The directors consider the operations of the Company to be ongoing, with a reasonable expectation that the Company has adequate resources to continue in operation existence until at least 30 April 2025 (being the period of assessment), and accordingly these financial statements have been prepared on the going concern basis.

Accounting Standards

(a) Standards, amendments and interpretations not applicable to the Company:

There are no new or existing standards that have been issued or revised and became effective which are applicable to the Company:

(b) *New and revised IFRSs in issue:*

The Company has not applied the following new and revised IFRSs that have been issued:

- IFRS 17 Insurance Contracts, as amended in December 2021 (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2023)

2. Accounting Policies (continued)

Accounting Standards (continued)

(b) New and revised IFRSs in issue (continued)

- Amendments to IAS 12 Deferred Tax (effective for annual periods beginning on or after 1 January 2023)

(c) New and revised IFRSs in issue but not yet effective:

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1 Non-current liabilities with covenants (effective for annual periods beginning on or after 1 January 2024.)
- Amendments to IAS 1 Preparation of Financial Statements (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 21 Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2024)

The directors do not expect the adoption of the above standards, amendments and interpretations that are in issue but not yet effective will have a material impact on the financial statements of the Company in future periods.

Digital Assets

The Company holds Digital Assets equal to the amount due to holders of Digital Securities solely for the purposes of meeting its obligations under the terms of the Digital Securities.

Whilst the IFRS Interpretation Committee issued an agenda decision on the accounting for digital currencies in June 2019, there is not one standard under IFRS which details how digital currencies are to be accounted for. Following a review of the facts and circumstances, the directors have determined that the Digital Assets fall within the scope of IAS 38 Intangible Assets. Furthermore, the directors have determined to account for Digital Assets under the IAS 38 revaluation model being its fair value on the basis there is an active market for the transfer and sale of the Digital Assets that the Company holds. The Digital Assets are held to provide the security holders with the exposure to changes in the fair value of Digital Assets and therefore the directors consider that carrying the Digital Assets at fair value reflects the objectives and the purpose of holding the asset.

Digital Assets are priced on a daily basis based on the amount of the Digital Assets held using the relevant Quoted Price and is considered to be the fair value of the Digital Assets. Also, on a daily basis an amount is reclassified to Digital Assets held in respect of the Management Fee which is converted to USD on a monthly basis using month end price.

i) Issue and Redemption

Upon initial recognition and the receipt of Digital Assets, they are recorded at cost which is determined to be the fair value using the Quoted Price.

Upon redemption of Digital Securities and the transfer out of Digital Assets, the attributable cost shall be calculated in accordance with the average cost methodology, and the overall cost reduced accordingly to represent the de-recognition of the Digital Assets. Any previously recognised gains on the Digital Assets de-recognised as a result of the transfer are reclassified to retained earnings.

ii) Subsequent Measurement

An increase in fair value is recorded first through Profit or Loss in respect of any previous losses below the original cost recognised being reversed, with any further gains being recognised through Other Comprehensive Income. A decrease in fair value is recorded first through Other Comprehensive Income in respect of any previous gains recognised being reversed, with any further loss being recognised through Profit or Loss.

2. Accounting Policies (continued)

Digital Securities

i) Issue and Redemption

Each time a Digital Security is issued or redeemed by the Company a corresponding amount of the corresponding Digital Asset is transferred into or from the relevant secured account held by the Custodian. Upon initial recognition, the fair value is recorded using the Quoted Price applied to the Digital Asset transferred.

Financial liabilities are recognised and de-recognised on the transaction (trade) date.

ii) Pricing

IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market. The directors consider that the stock exchanges where the Digital Securities are listed to be the principal market and as a result the fair value of the Digital Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. The Digital Securities are priced using the closing mid-market price on the Statement of Financial Position date.

Consequently, a difference arises between the value of Digital Assets (held to support the Digital Securities) and Digital Securities (at fair value) presented in the Statement of Financial Position. This difference is reversed on a subsequent redemption of the Digital Securities and transfer of the corresponding Digital Asset.

iii) Classification at fair value through Profit or Loss

Digital Securities comprise a financial instrument whose redemption price is linked to the value of the underlying Digital Asset. Digital Securities are classified as liabilities at fair value through profit or loss under IFRS 9 due to an embedded derivative. In accordance with IFRS 9, embedded derivatives are not separated for accounting purposes if the non-derivative host is a financial instrument and the classification criteria of IFRS 9 is applied to the instrument as a whole.

Digital Assets and Digital Securities Awaiting Settlement

The issue and redemption of Digital Securities, and the transfer in and out of Digital Assets, is accounted for on the transaction date. The transaction will not settle until two days after the transaction date. Where transactions are awaiting settlement at the period end, the value of the Digital Asset and the Digital Securities due to be settled is separately disclosed within the relevant assets and liabilities on the Statement of Financial Position. The digital securities awaiting settlement are classified as liabilities at fair value through profit or loss under IFRS 9 due to an embedded derivative. The receivables and payables are carried at their fair value.

Digital Assets Held in Respect of Management Fees

As described above, Management Fees are accrued by reducing the Entitlement of each class of Digital Security on a daily basis by an agreed amount. At the same time an equivalent amount is transferred from Digital Assets to Digital Assets Held in respect of Management Fees.

As described above, under IFRS there is no standard treatment for the classification of digital currencies, and therefore applying the same judgement described under the Digital Assets Policy, the Digital Assets held or receivable in respect of Management Fees are accounted for in accordance with IAS38 revaluation model.

The fair value of the Digital Assets transferred to Digital Assets Held in Respect of Management Fees at the Statement of Financial Position date is re-measured using the latest Quoted Price on that date. An increase in fair value is recorded first through Profit or Loss in respect of any previous impairment recognised being reversed, with any further gains being recognised through Other Comprehensive Income. A decrease in fair value of Digital Assets is recorded through Other Comprehensive Income in respect of any previous gains recognised being reversed, with any further impairment being recognised through Profit or Loss. Upon de-recognition of the Digital Assets recognised in respect of Management Fees (as a result of the transfer to settle the Management Fee payable), any previously recognised gains shall be transferred from the Revaluation Reserve to retained earnings.

2. Accounting Policies (continued)

Management Fee Payable

Management Fees payable are also accrued based on the income recognised by the company, less any expenditure, in accordance with the agreement with ManJer. These fees are paid by transfer of the relevant Digital Assets therefore Management Fees payable are not considered to be financial liabilities, however under IFRS 9 as the Digital Asset are readily convertible into cash, Management Fees are within the scope of IAS 32 and IFRS 9 respectively, because they exhibit similar characteristics to financial instruments. The company has classified these liabilities at fair value through profit or loss as equivalent to a derivative.

Reserves

A revaluation reserve and a retained earnings reserve are maintained within equity. All profits or losses, including gains and losses on the movement in the fair value of Digital Securities are taken to the retained earnings reserve at the end of each accounting period. Gains and reversals of previously recognised gains arising on the movement in the fair value of Digital Assets, above cost, are taken to the revaluation reserve at the end of each accounting period. Losses and reversals of previously recognised losses on the movement in the fair value of Digital Assets, below cost, are taken to the retained earnings reserve at the end of each accounting period.

Other financial assets

Other financial assets include trade and other receivables with a fixed payment amount and are not quoted in an active market. After initial measurement the other financial assets are subsequently measured at amortised cost.

Income

The Company derives its income over time (in respect of Management Fees), and at a point in time (in respect of order fees and Staking Income) as follows:

i) *Management Fees*

Management Fees are calculated by applying a fixed percentage to reduce the Entitlement of each class of Digital Security on a daily basis in accordance with the terms of the securities issued. The change in Entitlement reduces the value of the Digital Security. This reduction equates to the Management Fee amount in the relevant Digital Asset that is recognised for that day per each Digital Security in issue on that day. The amount of the Management fees is recognised by converting the Digital Assets into the functional currency by application of the Quoted Price on a monthly basis using the month end price.

ii) *Staking Income*

The Company receives staking income as the reward received on staked Digital Assets during the staking period, referred to as an epoch, and this income is received as additional Digital Assets deposited into the Company's custody wallets held at Coinbase. The income is recognised at the fair value being the Quoted Price on the date the staking income is received in the Company's wallets.

iii) *Staking Expense to Digital Securities*

As announced on 03 January 2023 for WisdomTree Physical Solana and 04 September 2023 for WisdomTree Physical Ethereum the Digital Security Holders gain exposure to 75% of the staking income earned by the company during the accounting period through a capital adjustment factor in the coin entitlement.

iv) *Order Fees*

Fees for the issue and redemption of Digital Securities are recognised at the fair value of the consideration expected to be received, on the date on which the transaction becomes legally binding. Accrued order fees are invoiced and settled on a quarterly basis.

2. Accounting Policies (continued)

Foreign Currency Translation

The financial statements of the Company are presented in the currency in which the majority of the Digital Securities issued by the Company are denominated (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars (refer to note 2 Critical Accounting Estimates and Judgments), which is the functional currency of the Company and the presentational currency of the financial statements.

Transactions in foreign currencies are initially recorded at the spot rate at the date the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end date are translated at rates ruling at that date. The resulting differences are accounted for through profit or loss.

Segmental Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (“CODM”) in order to allocate resources to the segments and to assess their performance. The CODM has been determined as the board of directors. A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has not provided segmental information as the Company has only one business or product group, Digital Assets, and one geographical segment which is Europe. In addition, the Company has no single major customer from which greater than 10% of income is generated. All information relevant to the understanding of the Company’s activities is included in these financial statements.

3. Result Before Fair Value Movements

Result before fair value movements for the period comprised:

	Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
Management Fees	2,482,596	2,143,039
Staking Income	257,339	-
Total Income	2,739,935	2,143,039
ManJer Fees	(2,546,962)	(2,143,039)
Staking Expense	(192,973)	-
Total Operating Expenses	(2,739,935)	(2,143,039)
Result Before Fair Value Movements	-	-

4. Taxation

The Company is subject to Jersey Income Tax. During the period the Jersey Income Tax rate applicable to the Company is zero percent.

5. Digital Assets Held in Respect of Management Fees

	As At 31 December 2023 USD	As At 31 December 2022 USD
Digital Assets Held in Respect of Management Fees	377,438	113,847
	377,438	113,847

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

6. Trade and Other Receivables

	As At 31 December 2023 USD	As at 31 December 2022 USD
Receivable from Related Party	2	2
	2	2

The fair value of trade and other receivables is equal to the carrying value. The Trade and Other Receivables are due to be recovered within 12 months of the period end.

7. Digital Assets

	31 December 2023 USD	31 December 2022 USD
Net Gain/ (loss) Arising on Fair Value of Digital Assets	228,047,256	(257,875,495)
Reversal of Loss and Net (Loss) Arising on Fair Value of Digital Assets through Profit and Loss	110,399,544	(143,214,067)
- Realised Loss on Digital Assets	(8,569,555)	(24,365,469)
- Reversal of Loss/(loss) on Digital Assets	118,969,099	(118,848,598)
Net Gain and Reversal of (Gain) Arising on Fair Value of Digital Assets through Other Comprehensive Income	117,647,712	(114,661,428)
- Realised Gain on Digital Assets	4,404,342	4,064,338
- Gain/Reversal of (Gain) on Digital Assets	113,243,370	(118,725,766)
Digital Assets at Fair Value	410,208,861	134,323,057

As at 31 December 2023, Digital Assets amounting to USD Nil (31 December 2022: USD Nil) were awaiting settlement in respect of a redemption of Digital Securities with transaction dates before the year end and settlement dates in the following year. All Digital Assets have been valued using the Quoted Price on 31 December 2023. The below table is a reconciliation of changes in Digital Assets:

7. Digital Assets (continued)

	Year Ended 31 December 2023 Audited USD	Year Ended 31 December 2022 Audited USD
Opening Digital Assets	134,323,057	357,841,785
Additions	99,545,677	100,791,519
Disposals	(49,417,506)	(64,291,713)
Transfer to Digital Assets Held in Respect of Management Fees	(2,546,962)	(2,143,039)
Staking Income	257,339	-
Change in Fair Value	228,047,256	(257,875,495)
Closing Digital Assets	410,208,861	134,323,057

Portfolio Composition

	Holdings	Year Ended 31 December 2023 Cost USD	Year Ended 31 December 2023 Market Value USD
Portfolio:			
Bitcoin	7,272	216,861,955	309,950,482
Ethereum - Unstaked	19,595	47,933,636	45,127,548
Ethereum - Staked	4,640	8,124,291	10,686,198
Bitcoin Cash	1,606	358,123	423,714
Litecoin	6,548	574,366	485,424
Solana - Unstaked	105,966	4,493,721	10,944,154
Solana - Staked	258,108	14,646,236	26,657,407
Cardano	6,496,868	2,736,486	3,913,063
Polkadot	90,901	693,487	775,295
Avalanche	10,976	180,753	436,192
Polygon Matic	572,017	468,574	578,652
Cosmos	21,095	226,115	230,732
Total Portfolio		297,297,743	410,208,861

Portfolio Composition

	Holdings	Year Ended 31 December 2022 Cost USD	Period Ended 31 December 2022 Market Value USD
Portfolio:			
Bitcoin	6,432	195,343,520	106,736,744
Ethereum	21,732	54,526,639	26,122,960
Bitcoin Cash	779	208,975	76,127
Litecoin	1,943	237,253	136,386
Solana - Unstaked	29,421	1,226,861	297,452
Solana - Staked	7,142	234,479	72,203
Cardano	1,625,723	1,015,403	404,480
Polkadot	55,759	534,561	242,328
Avalanche	7,875	142,906	86,305
Polygon Matic	193,659	153,892	148,072
Total Portfolio		253,624,489	134,323,057

7. Digital Assets (continued)

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

On 3 May 2022, the Company launched Staking of WisdomTree Physical Solana and as of 21 August 2023 the Company launch staking of WisdomTree Physical Ethereum through Coinbase Custody via Coinbase Validators and its Service Providers. The coins while staked, do not leave the Coinbase wallet and staking income is earned on the coins if they remain staked for the duration of the epoch. Staking places a short term restriction on the Company's ability to sell and transfer staked assets. The Company has the option to unstake the coins at any point in time during or after an epoch cycle at no cost. In a scenario where coins are unstaked, the Company will receive staking income up to the point the assets were held in stake. As announced on 03 January 2023 for WisdomTree Physical Solana and 04 September 2023 for WisdomTree Physical Ethereum the Digital Security Holders gain exposure to 75% of the staking income earned by the company during the accounting period through a capital adjustment factor in the coin entitlement. The remaining 25% is paid to ManJer.

The staked assets are recorded at fair value using the quoted market price as at 31 December 2023. The below table reflects the assets that were staked per product as at 31 December 2023 and the staking income earned per product during the year. The epoch cycle ranges from 2.5 days to 10 days. These assets are included in the Portfolio Composition above.

Product	Holdings	Market Value	Staking Income Earned
WisdomTree Physical Solana	258,108	26,657,407	181,967
WisdomTree Physical Ethereum	4,640	10,686,198	75,372

8. Digital Securities

Whilst the Digital Securities are quoted on the open market, the Company's ultimate liability relates to its contractual obligations to issue and redeem Digital Securities in exchange for Digital Assets as determined by the Entitlement of each class of Digital Security on each trading day. The fair value of each creation and redemption of Digital Securities is recorded using the Quoted Price on the transaction date. The issue and redemption of Digital Securities is recorded at a value that corresponds to the value of the Digital Assets transferred in respect of the issue and redemption. However, the difference in valuation between the Digital Assets (held to support the Digital Securities) and Digital Securities creates a mis-match between the values reported within these financial statements.

The Company measures the Digital Securities at their fair value in accordance with IFRS 13 rather than at the contractual obligation described above. The fair value is deemed to be the price quoted on exchanges where the Digital Securities are listed or traded, and it is determined based on the highest volume of trades, concluded on the respective exchange, where there are multiple exchanges.

The fair values and changes thereof during the period based on prices available on the open market as recognised in the financial statements are:

	31 December 2023 USD	31 December 2022 USD
Net (Loss)/ Gain Arising on Fair Value of Digital Securities	(233,350,789)	251,829,875
- Realised Gain on Digital Securities	3,181,643	15,589,987
- Unrealised (Loss)/ Gain on Digital Securities	(236,532,432)	236,239,888
Digital Securities at Fair Value	414,639,031	133,449,694

8. Digital Securities (continued)

The contractual redemption values and changes thereof during the period based on the contractual settlement values are:

	31 December 2023 USD	31 December 2022 USD
Change in Contractual Redemption Value for the Period	(110,208,759)	126,323,673
Digital Securities at Contractual Redemption Value	410,208,861	134,323,057

The gain or loss on the difference between the value of the Digital Assets (held to support the Digital Securities) and the fair value of Digital Securities would be reversed on a subsequent redemption of the Digital Securities and transfer of the corresponding Digital Assets. Refer to note 15 for the non-statutory and non-GAAP adjustments which reflect the results of this reversal.

As at 31 December 2023, Digital Securities amounting to USD Nil (31 December 2022: USD Nil) were awaiting settlement in respect of a redemption with transaction date before the year end and settlement dates in the following year.

The below reconciliation of changes in the Digital Securities, being liabilities arising from financing activities, includes only non-cash changes.

	Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
Opening Digital Securities	133,449,694	350,922,802
Creations	98,116,119	100,027,644
Redemptions	(47,987,948)	(63,527,838)
Management Fee	(2,482,596)	(2,143,039)
Staking Expense	192,973	-
Change in Fair Value	233,350,789	(251,829,875)
Closing Digital Securities at Fair Value	414,639,031	133,449,694

Digital Security	In Issue	Year Ended 31 December 2023 Cost USD	Year Ended 31 December 2023 Market Value USD
WisdomTree Physical Bitcoin	29,840,158	217,386,819	306,756,824
WisdomTree Physical Ethereum	2,336,328	53,551,585	54,284,581
WisdomTree Physical Cardano	333,000	1,617,206	2,546,493
WisdomTree Physical Polkadot	67,270	298,385	325,375
WisdomTree Physical Solana	2,679,000	18,283,590	36,567,254
WisdomTree Physical Mega Cap Equal Weight*	490,000	3,176,216	3,112,931
WisdomTree Physical Crypto Markets*	1,259,272	5,887,501	6,394,762
WisdomTree Physical Crypto Altcoins*	1,654,281	4,228,971	4,650,811
Total Digital Security		304,430,273	414,639,031

*Baskets



8. Digital Securities (continued)

		Year Ended 31 December 2022 Cost USD	Year Ended 31 December 2022 Market Value USD
	In Issue		
WisdomTree Physical Bitcoin	26,143,998	194,767,839	104,696,254
WisdomTree Physical Ethereum	2,113,928	52,558,021	24,813,287
WisdomTree Physical Cardano	41,000	246,489	123,205
WisdomTree Physical Polkadot	67,270	298,385	154,048
WisdomTree Physical Solana	64,000	263,047	72,179
WisdomTree Physical Mega Cap Equal Weight*	345,000	2,501,189	972,555
WisdomTree Physical Crypto Markets*	994,272	4,966,201	1,989,240
WisdomTree Physical Crypto Altcoins*	752,753	4,172,198	628,926
Total Digital Security		259,773,369	133,449,694

*Baskets

Digital Assets were revalued as at 31 December 2023 and Digital Securities are at fair valued amounts as at 29 December 2023, being the last trading day of the year.

9. Trade and Other Payables

	As At 31 December 2023 USD	As At 31 December 2022 USD
ManJer Fees Payable	377,438	113,847

Management Fees payable by transfer of Digital Assets are recorded at fair value. The fair value of the remaining payables is equal to the carrying value. The ManJer Fee Payable is due to be settled within 12 months of the period end.

10. Stated Capital

	As At 31 December 2023 USD	As At 31 December 2022 USD
2 Shares of Nil Par Value, Issued at GBP 1 Each	2	2

The Company can issue an unlimited capital of nil par value shares in accordance with its Memorandum of Association.

All Shares issued by the Company carry one vote per Share without restriction and carry the right to dividends. All Shares are held by WisdomTree Holdings Jersey Limited ("HoldCo").

The Company Issued 2 Shares at incorporation and the shares were translated on initial recognition at the USD/GBP rate of 0.8098. The shares remain unpaid.

11. Related Party Disclosures

Entities and individuals which have significant influence over the Company, either through ownership or by virtue of being a director of the Company are considered to be related parties. In addition, entities with common ownership to the Company and entities with common directors are also considered to be related parties.

Fees charged by ManJer during the period:

	Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
ManJer Fees	2,546,962	2,143,039
	2,546,962	2,143,039

The following balances were due to ManJer at the period end:

	As At 31 December 2023 USD	As At 31 December 2022 USD
ManJer Fees Payable	377,438	113,847

At 31 December 2023, USD 2 is receivable from HoldCo (31 December 2022: USD 2).

As disclosed in the Directors' Report, ManJer paid director's fees in respect of the Company as per below.

	Year Ended 31 December 2023 GBP	Year Ended 31 December 2022 GBP
Bryan Governey	Nil	Nil
Hilary Jones*	11,040	10,260
Patrick Nyahwo*	Nil	8,130
Alan Baird*	11,040	2,130
Peter Ziembra	Nil	Nil
Stuart Bell (Resigned 24 May 2023)	Nil	Nil

*Directors fees paid to JTC Fund Solutions (Jersey) Limited for the provision of Directors to the Company from the date of their appointment. Patrick Nyahwo resigned during the 2022 period and was replaced on the Board by Alan Baird. Stuart Bell resigned during the 2023 period and was replaced on the Board by Bryan Governey on the 24 May 2023.

There were no amounts of loans, advanced payments and guarantees granted to or on behalf of any Director of the Company.

Patrick Nyahwo was a Director of JTC Fund Solutions (Jersey) Limited and resigned on the 21 October 2022. Alan Baird is a Director and Hilary Jones is an employee of JTC Fund Solutions (Jersey) Limited. During the year, ManJer paid administration fees of GBP 128,320 (31 December 2022: GBP 183,794) to JTC Fund Solutions (Jersey) Limited on the Company's behalf.

Stuart Bell was an executive officer of WisdomTree, Inc. and resigned from the Company on the 24 May 2023. Peter Ziembra officer of WisdomTree, Inc. and Bryan Governey is an employee of WisdomTree Ireland Limited.

12. Financial Risk Management

The Company is exposed to a number of risks arising from its activities, including credit risk, risk factors relating to the Digital Assets, liquidity risk, settlement risk and market risk. The Board is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board meets frequently to consider the risk exposures of the Company and to determine appropriate management policies. The risk management policies employed by the Company to manage these are discussed below.

The Digital Securities are subject to normal market fluctuations and other risks inherent in investing in securities and other financial instruments. There can be no assurance that any appreciation in the value of securities will occur, and the capital value of an investor's original investment is not guaranteed. The value of investments may go down as well as up, and an investor may not get back the original amount invested.

The information provided below is not intended to be a comprehensive summary of all the risks associated with the Digital Securities and investors should refer to the most recent Prospectus for a detailed summary of the risks inherent in investing in the Digital Securities. Any data provided should not be used or interpreted as a basis for future forecast or investment performance.

(a) Credit Risk

Credit risk primarily refers to the risk that Authorised Participants or the Custodian will default on its contractual obligations resulting in financial loss. At the reporting date the Company had no Digital Securities awaiting the transfer of Digital Assets.

Credit risk is managed by the Company by only dealing with Authorised Participants who are believed to be creditworthy. The Company assesses the creditworthiness of the Authorised Participant by ensuring that they deal with reputable organisations and regularly reviewing their business and its operations. In the event the Authorised Participants fail to complete their obligation, no Digital Securities will be created therefore the Company does not have the risk of loss of the amount expected to be received. Each class of Digital Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Digital Assets (held to support the Digital Securities) and not to the Digital Assets of any other class of Digital Security, or to the Company, therefore limiting the credit risk of the Company in connection with the Digital Assets (held in support of the Digital Securities).

Further detail in respect of custodial risk is presented below under Risk Factors Relating to Digital Assets.

(b) Risk Factors Relating to Digital Assets

i) Custodial risk

Custodial risk is managed by the Company by subjecting each Custodian to a detailed due diligence review prior to their appointment, as well as undertaking regular due diligence updates and undertaking ongoing monitoring of their service. The Custodians are not required to take out insurance and neither is the Trustee. Accordingly, there is a risk that the secured Digital Assets could be stolen and the Company would not be able to satisfy its obligations in respect of the Digital Securities. The Company engages two Custodians, namely Swissquote Bank Ltd ("Swissquote") and Coinbase Custody Trust Company, LLC ("Coinbase Custody"). All Digital Assets are stored in secured wallets and in addition the Company spreads its risk on WisdomTree Physical Bitcoin and WisdomTree Physical Ethereum by holding certain exposures to Bitcoin and Ethereum respectively in wallets with both Custodians. The Company monitors the level of Bitcoin and Ethereum held in these wallets daily using internally determined limits in order to monitor exposure and minimise risk and has adopted similar risk measures for all other digital assets held in the Baskets as volumes increase. Currently Coinbase Custody is the sole custodian of all other digital assets held in the Baskets. The Moody's credit rating for Coinbase Custody was Ba3 and Swissquote is not rated by any agency, however is a listed Company.

12. Financial Risk Management (continued)

(b) Risk Factors Relating to Digital Assets (continued)

ii) Forking

A fork is a change of the blockchain protocol version which is distinct from the main one. It can cause several risks such as the trading may be temporarily or indefinitely suspended and the prices can be negatively impacted. A hard fork may result in Digital Currency held as collateral with respect to Digital Securities becoming a new forked digital asset. If this were to happen then it could reduce the amount of Digital Currency held as collateral with the relevant Custodian, the coin entitlement of a Security holder, and the value of the Security holder's holding of Digital Securities.

Security holders may not receive the benefit of the forked currency depending on the Custodian and the Company's policy. There is no obligation for the Custodians or the Company to support the inclusion of any forked assets. The reasons of the fork and the occurrence of this one for a specific Digital Currency can be different and unique so it can cause several risks in terms of trading, operation, settlement, security, pricing and so on.

The Company may seek not to obtain any forked assets even in the case where they are supported by a Custodian and/or may compulsorily redeem any Digital Securities whose underlying digital assets are subject to a fork event. As a result, holders of Digital Securities may lose value or not be able to participate in any upside of forked assets.

iii) Airdrops

An airdrop occurs when the issuer of a new digital asset declares to the holder of another specific digital asset that they will be entitled to claim for free a quantity of the new digital asset because they are holding this specific existing digital asset. If an airdrop occurs intended to benefit holders of a Digital Asset, then the ability of a holder of Digital Securities relating to such Digital Asset to participate in the airdrop will depend on the support of the Custodian. There is no obligation on the Custodian to support any airdrop or hold the airdropped digital asset and so there is no certainty that holders of Digital Securities will be able to obtain any airdropped digital currencies or realise any value from them. Airdrops are primarily used to promote awareness of new digital asset and do not impact the existing digital asset.

Carrying amounts of the Digital Assets and Digital Assets Held in Respect of Management Fees and Digital Assets awaiting settlement best represent the maximum credit risk exposure at the Statement of Financial Position date.

(c) Risk of Slashing

(i) Slashing

Slashing is a penalty imposed on proof-of-stake blockchain designed to deter dishonest and malicious validator behaviour activity. A Validator is penalised and penalties could result in a loss of assets or being excluded from the network. Slashing is triggered by one of two conditions, validator downtime or double signing. Downtime is where a validator fails to participate in the consensus process as required by the network and double signing occurs when a validating entity submits two signed messages for the same block. The network detects this behaviour and triggers slashing to penalise the validator for attempting to compromise the consensus mechanism. Typically, though, downtime results in a very small penalty being imposed (simply not earning staking income) whereas double signing can incur a much higher penalties. These penalties are passed to the holder of the assets in the same way that earned staking income are shared. The Issuer stakes its assets with Coinbase Validators and its Service Providers and the risk of slashing is considered materially low. Coinbase reports zero instances of their validators being slashed and in instances where such penalties result from Coinbase Validator due to a mistake made by Coinbase or any of its third party validators, Coinbase acknowledges per agreement to fully compensate the Issuer. The risk of slashing under the current arrangement is therefore considered a low risk to the Issuer.

12. Financial Risk Management (continued)*(d) Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they fall due. The Company's receivables and payables in respect of order fees are all payable on demand and generally settled on a short-term basis. In addition, amounts in respect of the order fees are transferred from the relevant counterparties directly to ManJer and there are no cash flows through the Company other than on rebalancing events of the Baskets. In the case of a rebalancing event, where a trade cannot be placed between direct pairs of digital currencies, the Custodian will sell specific amounts of one digital currency to US Dollars, using the proceeds to buy another digital currency. This buying and selling of US Dollars nets off and the Company will not have a cash surplus or shortfall. The Company's Digital Assets receivable and payable in respect of Management Fees are also payable on demand and generally settled on a short term basis.

The Digital Securities do not have a contractual maturity date and will only be redeemed at the request of the holder of the security through an Authorised Participant, which may be requested at any time, with the transaction settling through the transfer of the required Digital Assets two days after the transaction date, or in the case of a compulsory redemption, by either transferring the required Digital Assets, or by realising those Digital Assets for cash (on an active market) and settling the cash proceeds to holders on a short term basis. Generally, only Security Holders who have entered into an authorised participant agreement with the Company can submit applications and redemptions directly with the Company.

In certain circumstances, for example, in the event of volatility in the relevant markets, the Company and/or Authorised Participants may seek to limit or restrict the ability of Authorised Participants to apply for new, or to redeem Digital Securities. The Company will inform the holders of the relevant Digital Securities of any such actions by Regulatory Information Service ("RIS") announcement.

When Digital Securities are redeemed, the Company returns the corresponding amount of Digital Assets determined by the Entitlement of those Digital Securities, therefore the redemption of Digital Securities would not impact the liquidity of the Company. The Company currently stakes Solana and Ethereum which places short term restrictions on the ability of the Company to transfer the assets in order to fund redemptions. The Company closely monitor redemption activity and can delay settlement of redemptions until a epoch ends and the Company is able to unstake. The Company also stakes assets in multiple wallets allowing it to unstake only necessary amounts to fund redemptions. As such the Company manages liquidity risk presented by staked assets by staking in multiple wallets and staking a portion of the assets while still having the ability to unstake if required.

Consequently, the Company has not presented any tabular information in respect of liquidity risk.

(e) Settlement Risk

Settlement risk primarily refers to the risk that an Authorised Participant will default on its contractual obligations resulting in financial loss.

The directors believe that settlement risk would only be caused by the risk of the Company's trading counterparty not delivering Digital Assets or Digital Securities on the settlement date. The Digital Securities settle through the CREST system. The directors feel that this risk is mitigated as Digital Securities are not issued until the required amount of Digital Asset has been received in the Custodian account, and Digital Assets are not transferred until the relevant Digital Securities have been delivered in CREST. As a result each transaction does not settle until both parties have fulfilled their contractual obligations.

Amounts outstanding in respect of positions yet to settle are disclosed in notes 7 and 8.

(f) Market Risk

Market risk is the risk that changes in market prices (such as digital asset prices) will affect the Company's income or the value of its financial instruments held or issued.

The value of the Company's liability in respect of the Digital Securities fluctuates according to the Digital Asset prices and the risk of such change in price is managed by the Company by holding Digital Assets in the same quantity as its liability. As this is based on the Contractual values, the Company bears no residual risk from a

12. Financial Risk Management (continued)

(f) Market Risk (continued)

change in the price of Digital Assets (held to support the Digital Securities). Refer to note 8 for the further details regarding fair values. However, there is an inherent risk from the point of view of holders as the price of the Digital Assets and the value of the Digital Securities may vary widely due to, amongst other things, changing supply or demand for Digital Assets, government and monetary policy or intervention and global or regional political, economic or financial events.

The market price of Digital Securities is (and will remain) a function of supply and demand amongst investors wishing to buy and sell Digital Securities and the bid or offer spread that the market makers are willing to quote. This is highlighted in note 8, and below under the Fair Value Hierarchy.

(g) Geopolitical Risk

The Board continues to monitor and assess the impact of geopolitical conflicts on the Company's portfolio operations and valuation and will take any further actions needed or as required under the terms of the Prospectus, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions. Whilst it is not currently possible to predict future market conditions and therefore determine if any further action may be required on any other classes of Digital Securities, the action that may be required includes, but is not limited to, temporarily not accepting applications for Digital Securities, temporarily suspending Digital Securities from trading on Stock Exchanges or a compulsory redemption of Digital Securities. The Company has not initiated any of these further actions to date. Any such action will be undertaken in accordance with the constitutive documents of the Digital Securities.

(h) Sensitivity Analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed to at the reporting date, showing how profit or loss and equity would have been affected by a reasonably possible change to the relevant risk variable.

The Company's obligations and liability in respect of Digital Securities relates to its contractual obligations to issue and redeem Digital Securities in exchange for Digital Assets as determined by the Entitlement of each class of Digital Security on each trading day. The fair value of each creation and redemption of Digital Securities is recorded using the Quoted Price on the transaction date. As a result the Company's contractual and economic liability in connection with the issue of Digital Securities is matched by movements in the value of the corresponding Digital Asset. Consequently, commercially the Company does not have any net exposure to market price risk.

The profit or loss, and other comprehensive income would be impacted by movements in the Quoted Price. Using past performance as a best estimate for future performance, the directors consider the greatest percentage change in the daily price for the last trading year and believe this is the best guide for the sensitivity in each Digital Asset. As such, even though the price of a Digital Asset between the start of the year and the end of a reporting year may vary considerably, such change is expected to occur over a period of time and cannot be forecasted with any certainty. The table below indicates the highest daily recorded change in the Quoted Price of the Digital Asset and Digital Securities for the year ended 31 December 2023.

Digital Assets	% Sensitivity	Favourable	% Sensitivity	Adverse
Bitcoin	17%	52,691,582	(17%)	(52,691,582)
Ethereum	14%	7,813,924	(14%)	(7,813,924)
Bitcoin Cash	30%	127,114	(30%)	(127,114)
Litecoin	28%	135,919	(28%)	(135,919)
Solana	34%	12,784,531	(34%)	(12,784,531)
Cardano	24%	939,135	(24%)	(939,135)
Polkadot	16%	124,047	(16%)	(124,047)
Avalanche	20%	87,238	(20%)	(87,238)
Polygon Matic	26%	150,450	(26%)	(150,450)
Cosmos	19%	43,839	(19%)	(43,839)
Total change		74,897,779		(74,897,779)

12. Financial Risk Management (continued)*(h) Sensitivity Analysis (continued)*

Digital Security	% Sensitivity	Favourable	% Sensitivity	Adverse
WisdomTree Physical Bitcoin	(17%)	(52,148,660)	17%	52,148,660
WisdomTree Physical Ethereum	(14%)	(7,599,841)	14%	7,599,841
WisdomTree Physical Cardano	(24%)	(611,158)	24%	611,158
WisdomTree Physical Solana	(34%)	(12,432,866)	34%	12,432,866
WisdomTree Physical Polkadot	(16%)	(52,060)	16%	52,060
WisdomTree Physical Crypto Mega Cap Equal Weight	(16%)	(482,504)	16%	482,504
WisdomTree Physical Crypto Market	(23%)	(1,458,006)	23%	1,458,006
WisdomTree Physical Crypto Altcoins	(25%)	(1,145,262)	25%	1,145,262
		(75,930,357)		75,930,357

The sensitivity is linear and the following table summarises the impact movements in the Quoted Price of the Digital Assets in relation to US Dollars and the Market Price of the Digital Securities as at 31 December 2023, with all other variables held constant, on the profit or loss and other comprehensive income for the period:

	Profit or (Loss) USD	Other Comprehensive Income USD
Favourable Price Movement:		
Digital Assets	333,123	74,564,656
Digital Assets Held in Respect of Management Fees		73,030
Digital Securities	(75,930,357)	-
Management Fees Payable	(73,030)	-
	(75,670,264)	74,637,686
Adverse Price Movement:		
Digital Assets	(8,133,199)	(66,764,581)
Digital Assets Held in Respect of Management Fees	-	(73,030)
Digital Securities	75,930,357	-
Management Fees Payable	73,030	-
	67,870,188	(66,837,611)

12. Financial Risk Management (continued)*(h) Sensitivity Analysis (continued)*

The table below indicates the highest daily recorded change in the Quoted Price of the Digital Asset and Digital Securities for the year ended 31 December 2022.

Digital Assets	% Sensitivity	Favourable	% Sensitivity	Adverse
Bitcoin	16%	17,077,879	(16%)	(17,077,879)
Ethereum	24%	6,269,510	(24%)	(6,269,510)
Bitcoin Cash	30%	22,838	(30%)	(22,838)
Litecoin	20%	27,277	(20%)	(27,277)
Solana	43%	158,951	(43%)	(158,951)
Cardano	17%	68,762	(17%)	(68,762)
Polkadot	24%	58,159	(24%)	(58,159)
Avalanche	22%	18,987	(22%)	(18,987)
Polygon Matic	27%	39,979	(27%)	(39,979)
Total change		23,742,342		(23,742,342)

Digital Security	% Sensitivity	Favourable	% Sensitivity	Adverse
WisdomTree Physical Bitcoin	(16%)	(16,751,401)	16%	16,751,401
WisdomTree Physical Ethereum	(24%)	(5,955,189)	24%	5,955,189
WisdomTree Physical Cardano	(43%)	(20,945)	43%	20,945
WisdomTree Physical Solana	(17%)	(66,241)	17%	66,241
WisdomTree Physical Polkadot	(24%)	(17,323)	24%	17,323
WisdomTree Physical Crypto Mega Cap				
Equal Weight	(20%)	(194,511)	20%	194,511
WisdomTree Physical Crypto Market	(25%)	(492,889)	25%	492,889
WisdomTree Physical Crypto Altcoins	(26%)	(164,419)	26%	164,419
		(23,662,918)		23,662,918

The sensitivity is linear and the following table summarises the impact movements in the Quoted Price of the Digital Assets in relation to US Dollars and the Market Price of the Digital Securities as at 31 December 2022, with all other variables held constant, on the profit or loss and other comprehensive income for the period:

	Profit or (Loss)	Other Comprehensive Income
	Audited USD	Audited USD
Favourable Price Movement:		
Digital Assets	23,742,343	-
Digital Assets Held in Respect of Management Fees	20,171	-
Digital Securities	(23,662,918)	-
Management Fees Payable	(19,742)	-
	79,854	-
Adverse Price Movement:		
Digital Assets	(23,742,343)	-
Digital Assets Held in Respect of Management Fees	(20,171)	-
Digital Securities	23,662,918	-
Management Fees Payable	19,742	-
	(79,854)	-

12. Financial Risk Management (continued)

(i) Capital Management

The primary objective of the Company's capital management policy is to ensure that it maintains sufficient resources for operational purposes. The capital being managed is the Stated Capital as presented in the Statement of Changes in Equity. Retained Earnings and the Revaluation Reserve, as presented in the Statement of Changes in Equity, are not considered managed capital as (other than the impact of Management Fees) these balances relate to unrealised gains and losses on Digital Assets (held to support the Digital Securities) and Digital Securities, which are reversed on a subsequent redemption of the Digital Securities and the related transfer of Digital Assets and will therefore not be realised. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company's approach to capital management during the period.

The Company's principal activity is the issue and listing of Digital Securities. These securities are issued and redeemed as demand requires. The Company holds a corresponding amount of Digital Assets which matches the total liability of the Digital Securities issued. ManJer supplies or arranges the supply of all management and administration services to the Company and pays all management and administration costs of the Company, including Trustee and Custodian Fees. In return for these services the Company pays a Management Fee, which under the terms of the service agreement is equal to the aggregate of the Management Fee and order fees earned.

As all Digital Securities on issue are supported by an equivalent amount of Digital Assets held by the Custodian and the running costs of the Company were paid by ManJer, the directors of the Company consider the capital management and its current capital resources are adequate to maintain the ongoing listing and issue of Digital Securities.

(j) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 fair value based on quoted prices in active markets for identical assets.
- Level 2 fair values based on valuation techniques using observable inputs other than quoted prices.
- Level 3 fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The Company is required to utilise the available on market price as the Digital Securities are quoted and actively traded on the open market. Therefore, Digital Securities are classified as Level 1 financial liabilities.

The Company holds Digital Assets to support the Digital Securities. Digital Assets are revalued to fair value using the Quoted Price. Digital Assets are classified as a level 1 asset, as the value is from actively traded quoted prices".

The Management Fees Payable is valued by converting the Digital Assets accrued and payable into the functional currency by application of the Quoted Price on the period end date, and is therefore classified as a Level 2 financial liability.

12. Financial Risk Management (continued)

(j) Fair Value Hierarchy (continued)

The categorisation of the Company's assets and liabilities are as shown below:

	Fair Value as at 31 December 2023 USD	Fair Value as at 31 December 2022 USD
Level 1 – Liabilities, Digital Securities	414,639,031	133,449,694
Level 2 – Liabilities, Management Fees Payable	377,438	113,847
	415,016,469	133,563,541
Level 1 – Assets		
Digital Assets	410,208,861	134,323,057
Digital Assets Held in Respect of Management Fees	377,438	113,847
	410,586,299	134,436,904

The Digital Securities are recognised at fair value upon initial recognition and measured at fair value in line with the Company's accounting policy. The Digital Assets (held to support the Digital Securities) are recognised at cost upon initial recognition and revalued to fair value in line with the Company's accounting policy. Transfers between levels would be recognised if there was a change in the accounting policies adopted, or should there be changes in circumstances that prevented public information in respect of Level 1 inputs from being available. Any such transfers would be recognised on the date of the change in circumstances that cause the transfer. There were no transfers or reclassifications between Levels for any of the assets or liabilities during the period.

13. Ultimate Controlling Party

In accordance with the disclosure requirements of IFRS the directors have determined that no entity meets the definition of ultimate controlling party. The holder of issued equity shares is HoldCo, a Jersey registered company. WisdomTree Inc is the ultimate controlling party of HoldCo.

14. Events Occurring After the Reporting Period

From 22 January 2024, Management fee percentage was reduced according to the below table.

The new Management Expense Ratio ("MER") as shown below:

ETP Name	New MER	Old MER	ISIN
WisdomTree Physical Bitcoin (BTCW)	0.35%	0.95%	GBOOBJYDH287
WisdomTree Physical Ethereum (ETHW)	0.35%	0.95%	GBOOBJYDH394
WisdomTree Physical Solana (SOLW)	0.50%	0.95%	GBOOBNGJ9G01
WisdomTree Physical Cardano (ADAW)	0.50%	0.95%	GBOOBNGJ9J32
WisdomTree Physical Polkadot (DOTW)	0.50%	0.95%	GBOOBNGJ9H18
WisdomTree Physical Crypto Mega Cap Equal Weight (MEGA)	0.40%	0.95%	GBOOBMTP1733
WisdomTree Physical Crypto Market (BLOC)	0.70%	1.45%	GBOOBMTP1626
WisdomTree Physical Crypto Altcoins (WALT)	0.70%	1.45%	GBOOBMTP1519

There have been no significant events that have occurred since the end of the reporting period up to the date of signing the Financial Statements which would impact on the financial position of the Company.

15. Non-GAAP and Non-Statutory Information

As a result of the mismatch in the valuation of Digital Assets (held to support the Digital Securities) and Digital Securities (as disclosed in notes 7 and 8) the profits and losses and comprehensive income of the Company presented in the Statement of Profit or Loss and Other Comprehensive Income reflect gains and losses which represent the movement in the cumulative difference between the value of the Digital Assets and the price of Digital Securities. The Statement of Changes in Equity also reflects the fair value movements on both the Digital Assets (held to support the Digital Securities) and the Digital Securities.

These gains or losses on the difference between the value of the Digital Assets (held to support the Digital Securities) and the price of Digital Securities would be reversed on a subsequent redemption of the Digital Securities and transfer of the corresponding Digital Assets. Furthermore, each class of Digital Security is issued under limited recourse arrangements whereby the holders have recourse only to the relevant Digital Assets (held to support the Digital Securities) and not to the digital assets of any other class of Digital Security or to the Company.

The Company has entered into contractual obligations to issue and redeem Digital Securities in exchange for Digital Assets as determined by the Entitlement of each class of Digital Security on each trading day. As described in note 8, the Company's contractual liability in respect of Digital Securities is determined by applying the Quoted Price of the underlying Digital Asset to the Entitlement of the Digital Security and the total number of Digital Securities in issue.

The mismatched accounting values are as shown below:

	Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
Net Gain and Reversal of (Gain) Arising on Fair Value of Digital Assets through Other Comprehensive Income	117,647,712	(114,661,428)
Reversal of Loss and Net (Loss) Arising on Fair Value of Digital Assets through Profit or Loss	110,399,544	(143,214,067)
Net (Loss)/ Gain Arising on Fair Value of Digital Securities through Profit or Loss	(233,350,789)	251,829,875
	(5,303,533)	(6,045,620)

To reflect the commercial results, the Company has presented below a non-GAAP and non-Statutory Statement of Profit or Loss and Total Comprehensive Income and Statement of Changes in Equity for the period which reflect an Adjustment from Market Value of Digital Securities to Value represented by underlying Digital Assets, together with those gains or losses being transferred to a separate reserve which is deemed non-distributable.

15. Non-GAAP and Non-Statutory Information (continued)*(a) Non-GAAP and Non-Statutory Statement of Profit or Loss and Other Comprehensive Income*

	Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
Profit or Loss		
Income	2,739,935	2,143,039
Expenses	(2,739,935)	(2,143,039)
Result Before Fair Value Movements	-	-
Net (Loss) / Gain Arising on Fair Value of Digital Securities	(233,350,789)	251,829,875
Net Loss Arising on Fair Value of Management Fee Payable	(97,589)	(137,175)
Reversal of Loss and Net (Loss) Arising on Fair Value of Digital Assets	110,399,544	(143,214,067)
(Loss) / Gain for the Year	(123,048,834)	108,478,633
Other Comprehensive Income		
Items that may not be Reclassified Subsequently to Profit or Loss:		
Net Gain and Reversal of (Gain) Arising on Fair Value of Digital Assets	117,647,712	(114,661,428)
Net Gain Arising on Fair Value of Digital Assets Held in Respect of Management Fees	97,589	137,175
Other Comprehensive Income/ (Loss) for the Year	117,745,301	(114,524,253)
Total Comprehensive Loss for the Year	(5,303,533)	(6,045,620)
Adjustment from Market Value of Digital Securities to Value represented by underlying Digital Assets	5,303,533	6,045,620
Adjusted Total Comprehensive Income for the Year	-	-

WisdomTree Issuer X Limited

Notes to the Financial Statements (Continued)



15. Non-GAAP and Non-Statutory Information (continued)

(b) Non-GAAP and Non-Statutory Statement of Changes in Equity

	Stated Capital USD	Retained Earnings USD	Revaluation Reserve USD	Non-distributable Reserve USD	Total Equity USD
Adjusted Opening Balance at 01 January 2022	2	(718,984)	718,984	-	2
<i>Income for the Year</i>	-	108,478,633	-	-	108,478,633
<i>Other Comprehensive Loss for the Year</i>	-	-	(114,524,253)	-	(114,524,253)
Total Comprehensive Income for the Year	-	108,478,633	(114,524,253)	-	(6,045,620)
Issue of Shares	-	-	-	-	-
	2	107,759,649	(113,805,269)	-	(6,045,618)
Non-GAAP Adjustments					
Movement on Fair Value of Digital Assets transferred to Non-distributable Reserve through Profit and Loss	-	143,214,067	-	(143,214,067)	-
Movement on Fair Value of Digital Assets transferred to Non-distributable Reserve through Other Comprehensive Income	-	-	(114,661,428)	(114,661,428)	-
Movement on Fair Value of Digital Securities transferred to Non-distributable Reserve	-	(251,829,875)	-	251,829,875	-
Adjustment from Market Value of Digital Securities to Value represented by underlying Digital Assets ³	-	-	-	6,045,620	6,045,620
Reallocation of a prior period misallocation between Retained Earnings and Revaluation Reserves*	-	453,706	(453,706)	-	-
Adjusted Closing Balance at 31 December 2022⁴	2	(402,453)	402,453	-	2

* Due to a misallocation between Retained Earnings and Revaluation Reserves, which reflected movements in fair value of Digital Assets net through Revaluation Reserves. It has been adjusted to correctly record the movement of \$453,706 through Retained Earnings. There is no other impact through the financial statements of this adjustment.

³ This represents the difference in movement between the Value of Digital Assets (held to support the Digital Securities) and the price of Digital Securities for each reporting date.

⁴ The residual balances in Retained Earnings and the Revaluation Reserve represent the cumulative fair value movements of Digital Assets Held in Respect of Management Fees, compared to the cumulative fair value movements arising on Management Fee Payables.

WisdomTree Issuer X Limited

Notes to the Financial Statements (Continued)



15. Non-GAAP and Non-Statutory Information (continued)

(c) Non-GAAP and Non-Statutory Statement of Changes in Equity (continued)

	Stated Capital USD	Retained Earnings USD	Revaluation Reserve USD	Non-distributable Reserve USD	Total Equity USD
Adjusted Opening Balance at 01 January 2023	2	(402,453)	402,453	-	2
<i>Loss for the Year</i>	-	(123,048,834)	-	-	(123,048,834)
<i>Other Comprehensive Income for the Year</i>	-	-	117,745,301	-	117,745,301
Total Comprehensive Loss for the Year	-	(123,048,834)	117,745,301	-	(5,303,533)
Issue of Shares	-	-	-	-	-
	2	(123,451,287)	118,147,754	-	(5,303,531)
Non-GAAP Adjustments					
Movement on Fair Value of Digital Assets transferred to Non-distributable Reserve through Profit and Loss	-	(110,399,544)	-	110,399,544	-
Movement on Fair Value of Digital Assets transferred to Non-distributable Reserve through Other Comprehensive Income	-	-	(117,647,712)	117,647,712	-
Movement on Fair Value of Digital Securities transferred to Non-distributable Reserve	-	233,350,789	-	(233,350,789)	-
Adjustment from Market Value of Digital Securities to Value represented by underlying Digital Assets ⁵	-	-	-	5,303,533	5,303,533
Reallocation of a prior period misallocation between Retained Earnings and Revaluation Reserves	-	-	-	-	-
Adjusted Closing Balance at 31 December 2023⁶	2	(500,042)	500,042	-	2

⁵ This represents the difference in movement between the Value of Digital Assets (held to support the Digital Securities) and the price of Digital Securities for each reporting date.

⁶ The residual balances in Retained Earnings and the Revaluation Reserve represent the cumulative fair value movements of Digital Assets Held in Respect of Management Fees, compared to the cumulative fair value movements arising on Management Fee Payables.