

**21Shares AG**  
**(Formerly Amun AG)**

**Annual Financial Report**  
**As at and for the year ended 31 December 2021**

pursuant to section 114 et seq. of the German Securities Trading Act (WpHG)

<b>Directors</b>	Ophelia Snyder (appointed on 18 October 2018) Hany Rashwan (appointed on 27 July 2018)
<b>Registered number</b>	CHE-347.562.100
<b>Registered office</b>	Dammstrasse 19 6300 Zug Switzerland
<b>Independent Auditors</b>	Copartner Revision AG St.Alban-Anlage 46 Postfach 201 4052 Basel Switzerland

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Independent Auditor's Report in accordance with Swiss law<sup>1</sup> on the Reasonable Assurance Audit to the Board of Directors of the **21Shares AG, Zug**

We have been engaged by the Board of Directors of 21Shares AG to perform an audit, in analogous application of § 317 sect. 2 of the Handelsgesetzbuch<sup>2</sup> / German Commercial Code, to determine whether the management report is consistent with the annual financial statements and the findings of the audit and whether the management report as a whole provides a suitable view of the Company's position. In doing so, it must also be examined whether the opportunities and risks of future development are accurately presented. The audit of the management report shall also include an examination of whether the statutory provisions concerning the preparation of the management report pursuant to § 289 of the Handelsgesetzbuch / German Commercial Code ("Inhalt des Lageberichts" / Contents of the Management Report) have been observed.

The management report was prepared by the Board of Directors of 21Shares AG on the basis of the following criteria:

- The individual sections of the Management Report 2021 are consistent with the financial statements as at 31 December 2021.
- The legal requirements for the preparation of the management report have been observed.
- Overall, the management report provides an accurate picture of the situation of the company.
- The opportunities and risks of future development are accurately presented.

#### *Responsibility of the Board of Directors*

The Board of Directors is responsible for the management report for the year 2021 in accordance with the criteria mentioned above. This responsibility includes designing, implementing and maintaining appropriate internal control relevant to the management report that is free from material misstatement, whether due to fraud or error. Furthermore, the Board of Directors is responsible for the selection and application of the criteria.

#### *Independence and quality assurance*

We are independent of 21Shares AG in accordance with the independence guidelines of EXPERTsuisse and have complied with the professional standards and rules of professional conduct of EXPERTsuisse. These requirements set out fundamental principles of professional conduct regarding integrity, objectivity, professional competence and due care, confidentiality and conduct worthy of the profession.

Our company applies Swiss Quality Assurance Standard 1 and accordingly maintains a comprehensive quality assurance system with documented rules and measures for compliance with professional conduct requirements, professional standards and applicable statutory and other legal requirements.

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<sup>1</sup> Exemption from the obligation to register as a third-country auditor pursuant to § 134 sect. 4 sentence 8 WPO has been granted.

<sup>2</sup> Commercial Code in the adjusted version published in the Federal Law Gazette Part III, subdivision number 4100-1, as last amended by Article 1 of the Act of 15 July 2022 (Federal Law Gazette I p. 1146).

### *Auditor's responsibility*

Our responsibility is to conduct a business audit and to express a conclusion on the management report for the year 2021 of 21Shares AG based on our audit.

We conducted our audit in accordance with Swiss Auditing Standard 950 "Business audits other than audits or reviews of historical financial information". This standard requires that we plan and perform audit procedures to obtain reasonable assurance about whether the management report for the year 2021 is prepared, in all material respects, in accordance with the criteria mentioned above.

We performed audit procedures to obtain sufficient appropriate audit evidence, taking into account risk and materiality considerations. The procedures selected depend on the auditor's judgment.

In essence, we performed the following procedures:

- Reconciliation of the individual sections of the Management Report 2021 with the financial statements as at 31 December 2021 of 21Shares AG.
- Verification whether the legal requirements for the preparation of the management report 2021 of 21Shares AG have been complied with.
- Examination of whether the Management Report 2021 of 21Shares AG gives a true and fair view of the state of affairs of the company.
- Examination as to whether the opportunities and risks of the future development of 21Shares AG have been accurately presented in the Management Report 2021.

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

### *Conclusion*

In our opinion

- the Management Report 2021 of 21Shares AG is consistent with the financial statements 2021 and with the findings of the auditor obtained during the audit,
- the legal requirements relating to the preparation of the management report 2021 of 21Shares AG have been complied with, and
- on the whole the management report 2021 of 21Shares AG provides a suitable understanding of the Company's position.
- the management report 2021 of 21Shares AG accurately presents the opportunities and risks of future development.

Basel, 26. August 2022

Copartner Revision AG



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Signiert auf Scribble.com

Simon Rey  
Licensed audit expert



QES Qualifizierte elektronische Signatur - Schweizer Recht  
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Martin Thommen  
Licensed audit expert

**21Shares AG**  
**Management Report**  
**For the Year Ended 31 December 2021**

The Directors present the annual report and the audited financial statements for the year ended 31 December 2021.

**Directors' responsibility statement**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under the law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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, IAS 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

**Fundamentals of the Company**

21Shares AG (21Shares, or the Company) was incorporated (in a founders' meeting) on 20 July 2018 and registered on 27 July 2018 in Zug, Switzerland, as a stock corporation under Article 620 et seq. of the Swiss Code of Obligations in the Commercial Register of the Canton of Zug under number CHE-347.562.100. The registered office and address of 21Shares AG (the 'Company') is Dammstrasse 19, 6300 Zug, Switzerland. 21Shares AG is a wholly owned subsidiary of Amun Holdings Limited, CO Services Cayman Limited, PO Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. The Company's parent company changed from Jura Pentium Limited to Amun Holdings Limited in 2020.

The Board of Directors currently consists of two members (including the Chairman), both are executive directors. As of 22 September 2021, the third board member resigned from his role. The Company's Legal Entity Identifier (LEI) in its capacity as Issuer is 254900UWHMJRRODS3Z64. The Company's website is available at <https://21shares.com>. 21Shares AG is not authorised or regulated by FINMA or any other regulatory authority.

21Shares has issued more crypto Exchange Traded Products ("ETP") than any other firm in the world. In 2018, 21Shares AG launched the HODL product, the world's first crypto ETP on the SIX Swiss Exchange. At the end of 2021, the Company offered 21 exchange-traded products available across Europe in CHF, EUR, GBP, SEK and USD. The number of offerings has grown to include over 30 products year-to-date in 2022. Currently, the products are listed on the following exchanges: SIX Swiss Exchange, Deutsche Börse, Euronext Paris, Euronext Amsterdam, Nasdaq Stockholm, Wiener Börse, BX Swiss, and a number of other Multilateral Trading Facilities ("MTFs").

The Issuer's exchange-traded products are issued and admitted to trading on the SIX Stock Exchange pursuant to a prospectus dated 12 November 2021. Certain of the Products are also available and admitted to trading on regulated markets within the European Union pursuant to a prospectus dated 24 November 2021 (the EU Prospectus). The EU Prospectus has been approved by the Swedish Financial Services Authority in accordance with European Union Regulation (EU) 2017/1129. In addition, the Company has chosen Germany as its Home Member State pursuant to section 4 of the WpHG.

## **Economic Report**

### **Economic framework conditions and outlook**

Although 2021 witnessed certain economic growth following the 2020 downturn, the COVID-19 pandemic remained one of the biggest risks to the global economy, coupled with supply chain disruptions, high energy prices, inflation pressure, and geopolitical uncertainties.

For the crypto industry, 2021 was marked by an acceleration in the pace of innovation and adoption. While 2020 was labeled as the year of institutional and corporate engagement and the dawn of DeFi, this year, the interest in crypto led to an onboarding of a new wave of entrepreneurs and investors. The industry saw continued institutional engagement, the Web 3 movement, the resurgence of NFTs, the rise of the Metaverse, and the developments of the crypto infrastructure.

In 2021, many financial institutions and retail investors started to actively allocate investment to the crypto assets. For 2022, we expect the rate of adoption of user-friendly DeFi applications will pick up speed, and that the increased crypto adoption would give governments and institutions alike a better chance to learn more about crypto's numerous use cases that fundamentally champion financial inclusion on the microeconomic level and the macro, revitalize economies. We also note that traditional service providers are already embracing technologies coming from the crypto industry, and we will continue to see conventional providers seeking ways to tap into the innovation behind the crypto infrastructure. With the increasing use of the metaverse and NFTs, there is likely regulatory oversight and NFTs could be classified as unregistered securities. Last but not least, use cases of DAOs will expand the pie to investing in crypto, support overlooked R&D initiatives to solve real-world problems and provide a universal basic income for people in need with ImpactMarket.

### **Business results of the Company**

In 2021, the Company experienced rapid growth and made a profit for the year. It generated revenues of USD 32.6 million or EUR 27.5 million (2020: USD 2.1 million or EUR 1.8 million), mainly from management fee income. This is a significant improvement from the prior year financial results. It is evident that the Company was able to generate earnings and grow its assets despite the challenges of the overall economic condition and the market volatility.

Management fees represent the Company's main source of income and are determined by the amount of Assets Under Management ("AUM"), the predetermined management fee rate, and the price of cryptocurrencies. The Company earned a management fee of USD 20.1 million or EUR 17 million (2020: USD 2 million or EUR 1.7 million). The Company also earned staking rewards of USD 9.8 million or EUR 8.3 million (2020: USD 75 thousand or EUR 66 thousand) from participating and contributing to the various blockchain networks. Other revenues amounted to USD 2.6 million or EUR 2.2 million (2020: USD 38 thousand or EUR 33 thousand). Additionally, we have other income amounted to USD 821 thousand or EUR 694 thousand (2020: USD 469 thousand or EUR 411 thousand), and consisted of proceeds from an agreement reached with a business partner for compensated rewards. The revenue generated was offset by cost of sales, administrative fees, and intercompany service fees. Cost of sales relate to direct expenses related to our revenue streams. Administrative fees relate to operating expenses of the Company. Intercompany service fees are settled internally through transfer pricing. In accordance with the Amun Holdings Limited group

company transfer pricing policy, the Company pays intercompany service fees to Jura Pentium AG, its primary service provider operating in Zurich.

2021 operating expenses include cost of sales at USD 5.2 million or EUR 4.4 million (2020: USD 1.5 million or EUR 1.3 million), administrative expenses at USD 2.9 million or EUR 2.5 million (2020: USD 1.6 million or EUR 1.4 million), and intercompany service fees at USD 30.4 million or EUR 25.7 million (2020: USD 1.2 million or EUR 1.0 million). The Company also recorded an unrealized gain of USD 8.4 million or EUR 7.1 million (2020: USD 614 thousand or EUR 538 thousand). This resulted in a net profit for the year of USD 3.4 million or EUR 2.9 million (2020: net loss of USD 1.1 million or EUR 0.9 million).

### **Financial position of the Company**

The Company's total assets grew more than 7 times during 2021 to USD 2.4 billion or EUR 2.1 billion as at 31 December 2021, mainly due to the increase in the total amount of ETP AUM and the increase in the prices of underlying cryptocurrencies.

The Company had cash and cash equivalents of USD 229 thousand or EUR 202 thousand at 31 December 2021 (31 December 2020: USD 6 thousand or EUR 5 thousand) held in deposit accounts at financial institutions. Digital assets held at custodians for the Company at 31 December 2021 amounted to USD 26.5 million or EUR 23.3 million (31 December 2020: USD 913 thousand or EUR 747 thousand).

The Company achieved a milestone in 2021 by making sufficient profit to turn its accumulated deficit to positive retained earnings. The equity of the Company amounted to USD 922 thousand or EUR 814 thousand at 31 December 2021 (31 December 2020: negative equity of USD 3.1 million or EUR 2.5 million). Equity consisted of USD 51 thousand or EUR 45 thousand paid-up share capital (31 December 2020: USD 51 thousand or EUR 42 thousand), reserves from capital contributions of USD 624 thousand or EUR 548 thousand (31 December 2020: nil) and accumulated deficit of USD 3.2 million or EUR 2.8 million (31 December 2020: USD 2.1 million or EUR 1.7 million), which were offset by a net profit for the year of USD 3.4 million or EUR 3.0 million (2020: net loss of USD 1.1 million or EUR 0.9 million).

### **Net assets**

The Company's total assets increased from USD 289 million or EUR 236 million at 31 December 2020 to USD 2.4 billion or EUR 2.07 billion at 31 December 2021.

Trade and other receivables were USD 7.1 million or EUR 6.2 million at 31 December 2021 (31 December 2020: USD 3.7 million or EUR 3 million), consisting of accrued management and staking fee receivables, prepayments and other assets.

ETP Products - Digital assets and other of USD 2.32 billion or EUR 2.04 billion at 31 December 2021 (31 December 2020: USD 284 million or EUR 232 million) is mainly in the form of cryptocurrencies held at the Company's custodians.

Overall, the 2021 results of operations, the financial position and the net assets of the Company have experienced positive growth, and the Company has always been able to meet its payment obligations in the 2021 financial year.

### **Risk report**

The business activities of the Company in its capacity as Issuer relate to securities in connection with digital assets. As a special purpose vehicle, the Company's corporate purpose and business focus are exclusively the issuance of ETP products referencing digital assets, such as Bitcoin, Bitcoin Cash, Ethereum or any index consisting of two or more of the crypto currencies. If digital assets become less in demand in the future and



the Company is unable to adapt to such changed circumstances, the Company may not be able to successfully continue its business, potentially resulting in a decline in the value of the ETP Products.

In the event of default, the assets held by the Company in the Collateral Deposit Account may be sold in order to meet the obligations towards the investor. The Products grant investors rights in the cryptocurrencies deposited or in the security interests held by the Collateral Trustee through the Depositary Account as well as through the Company's securities account. Cash proceeds will be paid in the priority order of payments applicable to the products, with the ETP investor first in the priority order. However, these proceeds may not be sufficient to meet all obligations and make all payments due on the securities. In these circumstances, investors may not recover the full value of their securities and may suffer a loss on their investment.

### ***Credit risk***

Regardless of the collateralisation, the creditworthiness of the Company in its capacity as Issuer may affect the market value of products and in the event of default, insolvency or bankruptcy, investors may not receive the amount due to them under the Terms and Conditions. The Company, in its capacity as Issuer, is exposed to the credit risk of a number of counterparties with whom it enters into transactions. These include, but are not limited to, the Depositary, the Administrator, the Wallet Provider, the Depositaries, the Paying Agents, the Market Makers, the Authorised Participants and the Exchanges.

Consequently, the Company, in its capacity as Issuer, is exposed to risks, including credit risk, reputational risk and settlement risk, arising from the failure of any of its counterparties to perform their respective obligations. If such risks materialise, it may have a material adverse effect on the Company's business and financial condition.

In relation to the depositary, the Company is exposed to the credit risk of the depositary institutions with which it holds cash and other crypto assets. Credit risk in this case is the risk that the depositary holding a financial instrument (cash or crypto) will fail to perform an obligation or commitment to the Company. The crypto assets of the Company in its capacity as Issuer are held by the Depositary in segregated accounts which are intended to be protected in the event of an insolvency of the Depositary. However, insolvency of the Depositary may result in delayed access to crypto assets serving as underlying assets or underlying components, including those serving as collateral for products. In such a situation, investors may suffer a loss due to fluctuations in the price of the assets.

It should be noted that no party, including the wallet providers, the Depositary or the Company in its capacity as Issuer, is liable for the loss of the underlying assets or the underlying components despite appropriate monitoring, control and warning systems. In the event of theft, the liability lies solely with the investor.

Management assesses credit risk at a medium level.

### ***Regulatory risks***

The legal status of crypto assets varies widely from country to country. In addition, the legal treatment of digital assets is often unclear, and there is uncertainty as to whether the underlying digital assets are a security, money, commodity or property. In some countries, different government agencies define crypto assets differently, leading to regulatory conflict and uncertainty. This uncertainty is exacerbated by the rapid evolution of regulations. Some countries may explicitly restrict, prohibit or limit the acquisition, use, trading or redemption of digital assets in the future. In such a scenario, the ownership or trading of securities replicating or linked to digital assets, such as the Company's products, could be deemed illegal and subject to sanctions.

However, in recent years, numerous large and established banks and asset managers have invested in companies in the cryptocurrency space or have become involved with investments in cryptocurrencies. This

trend appears to be significant and ongoing in nature these days. Numerous financial regulators have now generally accepted that cryptocurrencies are likely to remain as an asset class and, accordingly, have adopted a pragmatic stance to address this growing interest in cryptocurrencies by the investment community. The Company is therefore pursuing the objective of making its products more geographically accessible to a wider audience in part as a diversification strategy to mitigate this risk.

However, it is visibly difficult to predict how the regulatory outlook and policies regarding cryptocurrencies could and will change. A shift to a generally more negative view could lead to a curtailment of investor appetite and a decline in relevant business activity.

Management assesses the regulatory risk as high.

### ***Market risk***

The prices of the Company's products are determined by forces such as actual market volatility, expected market volatility and other economic and financial conditions and trading speculation. Market volatility may cause the Company to incur losses despite hedging arrangements. The Company, in its capacity as Issuer, is highly leveraged.

As an example of the products unpredictable volatility, most cryptocurrencies fell more than 50% from their respective all-time highs in March 2020 and again in the spring of 2021, wiping out hundreds of billions of dollars in market value.

The management assesses the market risk as high.

### ***Operational risk***

Operational risks are risks associated with losses that the Company may incur due to incorrect or inadequate processes, as well as errors that may be caused by people or systems and legal risks (including litigation). Inadequate controls may adversely affect hedging arrangements, which may adversely affect the Company's results of operations and financial condition. As a result, the Company's operations and financial condition are subject to operational risks. However, the Company has appropriate risk management processes in place.

The management assesses the operational risk as low.

### ***Business risk***

If the Company fails an audit of its compliance, or if the Company is found to be in violation of applicable regulations, new laws or ordinances, and if the delivery of crypto assets is restricted or the approved exchanges are disrupted, the Company may not be able to issue additional securities, which may affect the Company's performance and creditworthiness in its capacity as an issuer. Corresponding risk control processes have been established or improved on the part of the risk management and the Legal & Compliance department has been strengthened in terms of personnel.

Management classifies the business risk as low.

## **Opportunities and outlook**

Management expects continued growth in 2022.

The acceptance of investments in the cryptocurrency sector has further increased and solidified in the retail as well as in the institutional sectors.

Furthermore, the Company constantly explores innovated products and intends to strengthen its cooperation with affiliated entities as well as other business partners.

- The Company collaborates with Amun Limited, its affiliate, in the area of "Decentralized Finance", and supports 21Shares US entities in tailoring products for the US markets.
- The Company constantly examines opportunities to enter into new geographical markets within and outside Europe. Corresponding opportunities for this arise whenever legislation and/or the view of regulatory authorities in foreign jurisdictions changes in the area of digital assets. In the Company's Swiss home market, the Company continues to embrace the opportunities to expand its product offering in response to the SIX Swiss Exchange rule set out in Circular No. 3 "Practice Regarding the Listing of Derivatives" that allows permissible cryptocurrencies to be listed.

In terms of competitive landscape, the Company offers the largest suite of crypto ETPs in the world, coupled with comprehensive research offerings in the space. This in-depth crypto expertise combined with the experience of 21Shares' team in the traditional finance, the utilization of our proprietary Onyx platform that fuels ETP issuance, and the Swiss heritage means 21Shares is uniquely placed to deliver high quality products to investors and to help them gain a better understanding of and exposure to the crypto asset ecosystem.

The Company continues to innovate its product offering, expand its geographic footprints, and improve its infrastructure. The expansion of the product range in the domestic market, the additional listing of products and new market entries in foreign markets as well as the expansion of possible products to the "Decentralized Finance" area should lead to a stable growth of the product assets under management and the associated management fees.

## **Events after the reporting period**

Since the end of the reporting period, the following events have occurred that may be considered material:

### ***New product launches***

Since 31 December, 2021, the Company has introduced ten new exchange-traded products tied to the Terra, Cosmos, Uniswap, Chainlink, Avalanche, Decentraland, FTX Token, Fantom, and the Sandbox cryptocurrencies. Most recently, the Company launched BOLD ETP, which seeks to serve as an inflation hedge by tracking an index that comprises bitcoin and gold.

### ***Changes in crypto asset prices***

In the first quarter of 2022, crypto asset prices dropped in January 2022 compared to the end of 2021 and fluctuated throughout the quarter due to inflationary and geopolitical matters that affected the entire capital markets. Institutional and individual investor interest in cryptocurrencies continue to increase during Q1 2022, regardless of the market volatility.

### ***Changes at regulatory level***

Some of the recent and more significant developments in the regulation of digital assets include:

- The Federal Reserve Board released a paper that dissects Central Bank Digital Currencies (CBDCs) and lists down a handful of pros and cons based on the Fed's perspective.
- China piloted its CBDC, the digital yuan, taking the Beijing Winter Olympics as a base to try it out on athletes and their coaches.
- The European Council published the approved version of a 2020 proposal for regulation on Markets in Digital assets (MiCA) to create a regulatory framework for the digital assets market that supports innovation and draws on the potential of crypto assets in a way that preserves financial stability and protects investors.
- El Salvador became the first country in the world to accept Bitcoin as a legal tender.

As the Company continues to grow, the Management looks forward to implementing our strategies and contributing to the crypto ecosystem and fintech industry.

21Shares AG  
27 April 2022, Zug, Switzerland

The Board of Directors



Hany Rashwan



Ophelia Snyder

**21Shares AG**

**Compliance statement (balance sheet oath) pursuant to sections 264 (2) sentence 3 and 289 (1) sentence 5 of the HGB**

The Board of Directors of 21Shares AG (the 'Company') is responsible for preparing financial statements and Management Report of the Company.

These financial statements for 2021 were prepared according to the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB), London, and have been endorsed by the European Union.

We have established effective internal control in order to ensure that the Company's Management report and 2021 financial statements comply with applicable accounting rules and to ensure proper corporate reporting.

To the best of our knowledge, and in accordance with the applicable reporting rules, we assure the financial Statements of 21Shares AG give a true and fair view of the net assets, financial position and results of operations of the Company, and the Management report of the Company includes a fair review of the development and performance of the business as well as position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company and its business.

21Shares AG

27 April 2022, Zug, Switzerland

The Board of Directors



Hany Rashwan



Ophelia Snyder

**Report of the Statutory Auditor to the General Assembly of  
21Shares AG, Zug**

As statutory auditor, we have audited the accompanying financial statements of 21Shares AG, which comprise the balance sheet as at December 31, 2021, the statement of income and comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended.

***Board of Directors' Responsibility***

The Board of Directors is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements for the year ended December 31, 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS).

*Report on Other Legal Requirements*

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

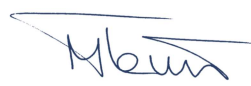
Basel, 27. April 2022

Copartner Revision AG



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Signiert auf Skribble.com

Simon Rey  
Licensed Audit Expert  
Auditor in charge



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Martin Thommen  
Licensed Audit Expert

Enclosure:  
- Financial statements

## 21Shares AG

### Statement of financial position as at 31 December

(in United States Dollars)

	Notes	2021 USD	2020 USD
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	5	7,092,879	3,712,033
ETP Products - Digital assets and other	6	2,324,847,108	283,949,076
Digital assets	4	26,537,305	912,962
Cash and cash equivalents		229,427	6,462
<b>Total assets</b>		<b>2,358,706,719</b>	<b>288,580,533</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	7	-	362,634
<b>Total non-current liabilities</b>		<b>-</b>	<b>362,634</b>
<b>Current liabilities</b>			
Trade and other payables	7, 10	32,416,421	6,871,503
Due to ETP	6	2,324,847,108	283,949,076
Short-term borrowings	8	521,366	497,584
<b>Total current liabilities</b>		<b>2,357,784,895</b>	<b>291,318,163</b>
<b>Total liabilities</b>		<b>2,357,784,895</b>	<b>291,680,797</b>
<b>Net assets/(liabilities)</b>		<b>921,824</b>	<b>(3,100,264)</b>
<b>Shareholder's equity</b>			
Paid-up share capital		50,804	50,804
Reserves from capital contributions		623,953	-
Accumulated deficit		(3,151,068)	(2,072,235)
Profit/(loss) for the year		3,398,135	(1,078,833)
<b>Total shareholder's equity</b>		<b>921,824</b>	<b>(3,100,264)</b>
<b>Total liabilities and shareholder's equity</b>		<b>2,358,706,719</b>	<b>288,580,533</b>

The accompanying notes form an integral part of the financial statements



## 21Shares AG

### Statement of profit or loss and other comprehensive income for the year ended 31 December

(in United States Dollars)	Notes	2021 USD	2020 USD
Revenue	9	32,573,200	2,098,367
Cost of sales		(5,151,510)	(1,513,189)
<b>Gross profit</b>		<b>27,421,690</b>	<b>585,178</b>
Administrative expenses		(2,938,968)	(1,562,697)
Other income	11	820,687	468,767
<b>Profit/(loss) from operations before intercompany expense</b>		<b>25,303,409</b>	<b>(508,752)</b>
Intercompany service fees	10	(30,427,617)	(1,174,231)
<b>Profit/(loss) from operations</b>		<b>(5,124,208)</b>	<b>(1,682,983)</b>
Financial income (loss)		8,406,383	613,590
Foreign exchange gains (losses)		128,618	(8,672)
<b>Profit/(loss) before tax</b>		<b>3,410,793</b>	<b>(1,078,065)</b>
Income tax expense		(12,658)	(768)
<b>Profit/(loss) for the year</b>		<b>3,398,135</b>	<b>(1,078,833)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss)</b>		<b>3,398,135</b>	<b>(1,078,833)</b>

The accompanying notes form an integral part of the financial statements

## 21Shares AG

### Statement of changes in equity for the year ended 31 December (in United States Dollars)

	2020 Paid-up share capital	2020 Reserves from capital contributions	2020 Accumulated deficit and profit/(loss) for the year	2020 Total equity
	USD	USD	USD	USD
<b>At 1 January 2020</b>	<b>50,804</b>	<b>-</b>	<b>(2,072,235)</b>	<b>(2,021,431)</b>
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(1,078,833)	(1,078,833)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,078,833)</b>	<b>(1,078,833)</b>
<b>Contributions by and distribution to shareholder</b>				
Paid-up share capital	-	-	-	-
<b>Total contributions by and distributions to shareholder</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2020</b>	<b>50,804</b>	<b>-</b>	<b>(3,151,068)</b>	<b>(3,100,264)</b>
	2021 Paid-up share capital	2021 Reserves from capital contributions	2021 Accumulated deficit and profit/(loss) for the year	2021 Total equity
	USD	USD	USD	USD
<b>At 1 January 2021</b>	<b>50,804</b>	<b>-</b>	<b>(3,151,068)</b>	<b>(3,100,264)</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,398,135	3,398,135
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,398,135</b>	<b>3,398,135</b>
<b>Contributions by and distribution to shareholder</b>				
Reserves from capital	-	623,953	-	623,953
<b>Total contributions by and distributions to shareholder</b>	<b>-</b>	<b>623,953</b>	<b>-</b>	<b>623,953</b>
<b>At 31 December 2021</b>	<b>50,804</b>	<b>623,953</b>	<b>247,067</b>	<b>921,824</b>

The accompanying notes form an integral part of the financial statements

## 21Shares AG

### Statement of cash flows for the year ended 31 December (in United States Dollars)

	2021 USD	2020 USD
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year	3,398,135	(1,078,833)
<b>Adjustments for:</b>		
Fair value (gains)/losses on digital assets	(8,406,383)	1,925
<b>Changes in operating assets and liabilities:</b>		
Change in trade and other receivables	(3,380,845)	(3,576,835)
Change in digital assets	(17,217,960)	(457,374)
Change in trading portfolio of assets	(2,040,898,032)	(244,615,535)
Change in trade and other liabilities	7,073,143	6,769,867
<b>Net cash (outflow) from operating activities</b>	<b>(2,062,830,077)</b>	<b>(241,877,952)</b>
<b>Cash flows from financing activities</b>		
Proceeds from intergroup credit facility	18,109,141	2,891,504
Proceeds from short term borrowings	23,781	497,584
Proceeds from ETP holders	2,040,898,032	239,555,671
Proceeds from capital contribution	623,953	-
<b>Net cash inflow from financing activities</b>	<b>2,059,654,907</b>	<b>242,944,759</b>
<b>Net cash increase/(decrease) in cash and cash equivalent</b>	<b>222,965</b>	<b>(12,026)</b>
Cash and cash equivalents as at start of the year	6,462	18,488
<b>Cash and cash equivalents as at the end of the year</b>	<b>229,427</b>	<b>6,462</b>

The accompanying notes form an integral part of the financial statements

# 21Shares AG

## Notes to the financial statements for the year ended 31 December 2021

### 1 Reporting entity

21Shares AG, formerly Amun AG ("21Shares" or the "Company") is a public limited company (AG) incorporated in July 2018 in Switzerland. The Company's registered office is at Dammstrasse 19, 6300 Zug, Switzerland. The Company's principal activity is a technology and finance company and to issue listed exchange-traded products ('ETP') and services in Switzerland and worldwide. On 14 February 2020, the Company changed its name from Amun AG to 21Shares AG. The Company is a wholly owned subsidiary of Amun Holdings Limited.

The Company has been established as a special purpose vehicle (SPV) for the purposes of issuing ETPs and other financial products linked to the performance of crypto assets.

21Shares offers a full range of single asset, short, basket and index trackers which are available to trade in multiple currencies. These ETPs are fully collateralized by holdings of crypto assets and the products track the financial performance of a single crypto asset or benchmark consisting a basket of crypto products. In November 2018, 21Shares listed its first ETP on the SIX Swiss Exchange (SIX), and since then, the number of offerings has grown to include more than 30 products listed on various European exchanges and traded in five currencies (CHF, EUR, GBP, SEK and USD).

### 2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS). They were approved for issuance by the Company's shareholders at the general meeting on 27 April 2022.

In preparing these set of financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Certain comparative figures have been reclassified to conform to the current year presentation.

### Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

## 21Shares AG

### Notes to the financial statements for the year ended 31 December 2021

Items	Measurement basis
Digital Assets	Market value at balance sheet date
Trading portfolio of assets	Market value at balance sheet date
Due to ETP Holders	Market value at balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### Functional and presentation currency

These financial statements are prepared in United States dollars (USD), which is the Company's functional currency. All amounts have been rounded to the nearest USD, unless otherwise indicated.

#### Changes in accounting policies and new accounting pronouncements

##### New Standards, interpretations and amendments adopted as at 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

##### Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

## **21Shares AG**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **3 Accounting policies**

##### **Revenue recognition**

Revenue primarily consists of management fees, staking rewards, market making profit share and platform usage fees.

The Company earns revenue by issuing ETPs which track the performance of crypto assets. Management fees (also referred to as Investor Fees) are calculated at each ETP product level at applicable predetermined management fee rate and accrued on a daily basis over the period that the ETP is outstanding at the market price of the underlying crypto asset. Fees are deducted on a monthly basis from the ETP's assets and transferred over in a form of crypto assets to the Company. The management fees charged include all of the expenses related to the ETP product, including trading fees, custodianship and security fees.

The Company participates in the decentralized computer network that helps to confirm transactions and ensures that those recorded in a crypto's blockchain are legitimate. Rewards are calculated based on the amount of the crypto assets the Company has made available to the network and other factors. For its contribution to the network, the Company is rewarded with crypto assets which constitute staking rewards. Staking rewards are expressed in USD value at prevailing market price of the crypto asset and accrued on a daily basis. Earned staking rewards are made available to the Company on a monthly basis by a transfer over to its corporate digital asset accounts.

Other fees, including making profit share revenue and platform usage fees, are calculated in accordance to the terms of the applicable agreements between the Company and the counterparty. Such income or revenue share is recognized in the income statement on a monthly basis after the performance obligation has been satisfied.

##### **Foreign exchange gains and losses**

Foreign exchange gains and losses mainly resulting from the settlement of transactions of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised through profit and loss in current year.

## 21Shares AG

### Notes to the financial statements for the year ended 31 December 2021

#### Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents represents cash held in deposit accounts at financial institutions.

#### Digital assets

The Company's management has determined, based on the Company's business and group operation model, that inventory accounting under IAS 2 is appropriate for its digital assets. The Company measures digital assets at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Costs to sell are immaterial in the current period and no allowance is made for such costs. All purchases and sales of digital assets are recognised at the trade date. Digital assets are measured at fair value using the quoted price in United States dollars from a number of different sources. It considers this fair value to be a Level 1 input under the IFRS 13, *Fair Value Measurement* fair value hierarchy, as the price on the quoted price (unadjusted) in an active market for identical assets. Digital assets are derecognised when the Company disposes of the inventory through its trading activities or when the Company otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset.

## 4 Digital Assets

	31-Dec-2021 USD	31-Dec-2020 USD
Binance	10,563,920	337,006
Bitcoin	4,786,938	505,349
Ethereum	4,079,228	40,687
Polkadot	3,128,692	-
Solana	1,590,027	-
Ripple	649,044	745
Tezos	482,995	1,894
Other	1,256,461	27,281
<b>Total</b>	<b>26,537,305</b>	<b>912,962</b>

## 21Shares AG

### Notes to the financial statements for the year ended 31 December 2021

#### 5 Trade and other receivables

	31-Dec-2021	31-Dec-2020
	USD	USD
Accounts Receivable	324,573	34,173
Accrued Receivable	6,555,737	375,418
Intergroup Receivables	-	3,226,771
Prepayments	133,828	-
Other	78,741	75,671
<b>Total</b>	<b>7,092,879</b>	<b>3,712,033</b>

#### 6 ETP Products

The tables below presented the ETP product related assets and liabilities as at 31 December:

##### a) ETP Products - Digital assets and other

	31 December			
	2021	2021	2020	2020
	Units	USD	Units	USD
Binance	1,146,839	594,647,899	1,109,372	41,468,338
Ethereum	148,001	547,646,439	62,726	46,279,398
Bitcoin	10,737	503,637,126	5,967	173,058,774
Solana	1,116,751	194,233,236	-	-
Polkadot	4,788,017	132,075,243	-	-
Cardano	67,686,090	91,447,902	1,636,278	294,530
Polygon	29,705,741	74,562,258	-	-
Ripple	76,246,528	63,918,624	18,031,434	3,966,892
Other	43,504,264	105,305,761	16,464,742	18,881,144
<b>ETP Products - Digital assets</b>		<b>2,307,474,488</b>		<b>283,949,076</b>
Due from broker and other assets		17,372,620		-
<b>ETP Products - Digital assets and other</b>		<b>2,324,847,108</b>		<b>283,949,076</b>



## 21Shares AG

### Notes to the financial statements for the year ended 31 December 2021

#### b) Due to ETP

ETP Name	31-Dec-2021 USD	31-Dec-2020 USD
21Shares Algorand ETP (ALGO)	4,609,872	-
21Shares Avalanche ETP (AVAX)	36,818,992	-
21Shares Binance BNB ETP (ABNB)	583,770,431	41,425,943
21Shares Bitcoin Cash ETP (ABCH)	11,823,401	2,230,634
21Shares Bitcoin ETP (ABTC)	338,838,868	126,050,188
21Shares Bitcoin Suisse ETP (ABBA)	38,090,590	10,197,650
21Shares Bitwise Select 10 Large Cap Crypto Index (KEYS)	32,341,557	4,916,803
21Shares Cardano ETP (AADA)	79,335,815	-
21Shares Crypto Basket 10 ETP (HODLX)	3,871,827	-
21Shares Crypto Basket Equal Weight ETP (HODLV)	7,226,045	-
21Shares Crypto Basket Index ETP (HODL)	203,819,456	43,592,292
21Shares Crypto Mid-Cap Index ETP (ALTS)	1,136,694	-
21Shares Ethereum ETP (AETH)	452,994,573	23,908,141
21Shares Polkadot DOT ETP (ADOT)	89,129,944	-
21Shares Polygon ETP (POLY)	34,405,718	-
21Shares Ripple XRP ETP (AXRP)	62,144,204	4,146,967
21Shares Short Bitcoin ETP (SBTC)	9,474,906	2,070,773
21Shares Solana ETP (ASOL)	167,834,486	-
21Shares Stellar ETP (AXLM)	7,954,982	-
21Shares Sygnum Platform Winners Index ETP (MOON)	72,608,046	10,838,005
21Shares Tezos Staking ETP (AXTZ)	39,596,657	11,588,080
<b>Total NAV</b>	<b>2,277,827,064</b>	<b>280,965,476</b>
Other ETP related liabilities	47,020,044	2,983,601
<b>Due to ETP</b>	<b>2,324,847,108</b>	<b>283,949,076</b>

#### 7 Trade and other payables

	31-Dec-2021 USD	31-Dec-2020 USD
Intergroup Payables	-	362,634
<b>Total non-current liabilities</b>	<b>-</b>	<b>362,634</b>
Accounts Payable	5,621,457	401,334
Accrued Expenses	2,782,921	676,102
Intergroup Payables	24,012,043	5,794,067
<b>Total current liabilities</b>	<b>32,416,421</b>	<b>6,871,503</b>

#### 8 Short-term borrowings

The Company was granted a Line of Credit ("LOC") for a maximum amount of USD 568'518 as part of the COVID-19 Start-up Loan Guarantee program in 2020 from Bank Zarattini & Co. SA in its role as a lender. The LOC bears no interest. The Company currently has a balance of USD 521'366 outstanding. The Company intends to pay off the loan in 2022.

## 21Shares AG

### Notes to the financial statements for the year ended 31 December 2021

#### 9 Revenue

A summary of the Company's revenue for the year 2021 and 2020 are as follows:

	2021 USD	2020 USD
Management Fees	20,135,609	1,986,138
Staking Rewards	9,842,308	74,735
Other	2,595,283	37,494
<b>Total</b>	<b>32,573,200</b>	<b>2,098,367</b>

#### 10 Related party transactions

As a SPV, 21Shares' ETP operation is supported by its parent company, other group companies and external service providers. In 2021, Amun Holdings Limited made a contribution of USD 623'953 to 21Shares AG.

Jura Pentium AG and Jura Pentium Inc. are the intra group service providers for Amun Holdings Limited affiliated business entities and manage corporate activities for the group. Intercompany service costs are settled internally through transfer pricing. In accordance with the Amun Holdings Limited group company transfer pricing policy, the Company pays intercompany service fees to Jura Pentium AG, its primary service provider operating in Zurich. 21Shares AG recorded USD 30.4 million service fees to Jura Pentium AG during 2021. As at 31 December 2021, the Company had a payable balance of USD 24 million to Jura Pentium AG. The Company expects to transfer its corporate digital assets portfolio to Jura Pentium AG in 2022 and settle the intercompany liabilities.

Details of the borrowing balances between the Company and its related parties are disclosed below:

	31-Dec-2021 USD	31-Dec-2020 USD
Jura Pentium Ltd (formerly Amun Technologies Limited) - subordinated intergroup credit facility	-	4,792,698
Jura Pentium Inc. - subordinated intergroup credit facility	-	553
Jura Pentium AG - intergroup payable (2021); subordinated intergroup credit facility (2020)	24,012,042	35,727
Amun Limited - subordinated intergroup credit facility	-	174,010
Amun Holdings Limited - subordinated intergroup credit facility	-	1,153,713
<b>Total</b>	<b>24,012,042</b>	<b>6,156,701</b>

#### 11 Other Income

Other income for 2021 amounted to USD 821 thousand (2020: USD 469 thousand) and consisted of proceeds from an agreement reached with a business partner for compensated rewards.

#### 12 Events after the Reporting Period

Since 31 December 2021, the Company has launched additional ETPs and has over 30 ETP in its suite of products.



**WIRTSCHAFTSPRÜFERKAMMER**

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## **BESTÄTIGUNG**

über die Befreiung von der Eintragungspflicht als Drittstaatsprüfer  
nach § 134 Abs. 4 Satz 8 WPO

für

**Herrn Simon Rey, Birmenstorf, Schweiz, RAB-Nr. 101959**

Nach der Entscheidung der EU-Kommission 2011/30/EU vom 19. Januar 2011 verfügt die Schweiz über öffentliche Aufsichts-, Qualitätssicherungs-, Untersuchungs- und Sanktionssysteme für Abschlussprüfer und Abschlussprüfungsgesellschaften, deren Regeln mit denen der Artikel 29, 30 und 32 der Richtlinie 2006/43/EG vergleichbar sind. Es ist daher angemessen, die öffentlichen Aufsichts-, Qualitätssicherungs-, Untersuchungs- und Sanktionssysteme für Abschlussprüfer und Abschlussprüfungsgesellschaften der Schweiz als gleichwertig mit den entsprechenden öffentlichen Systemen der Mitgliedstaaten anzusehen. Auf der Grundlage der Gegenseitigkeit ist daher von der Eintragung und deren Folgen nach § 134 Abs. 1, 3 WPO abzusehen.

Diese Bestätigung ersetzt eine Bescheinigung über die Eintragung nach § 134 Abs. 1 WPO bis zur Aufhebung der Entscheidung der EU-Kommission 2011/30/EU vom 19. Januar 2011 oder dem Entfallen der Gegenseitigkeit. Sie erfüllt in entsprechender Anwendung den Nachweis der Anforderungen des § 292 Abs. 3 Satz 4 HGB.

Berlin, 10. Februar 2022

RA/FAVerwR Dr. Peter Uhlmann  
Abteilungsleiter



RAin Manuela Schwob  
Referatsleiterin