

SUPPLEMENT NO. 3
dated 17 July 2024
to the Base Prospectus of



The prospectus

This document constitutes a supplement to 21Shares AG's base prospectus which was approved and registered by the Swedish Financial Supervisory Authority (**SFSA**) on 13 December 2023 (SFSA reg. no. 23-27619), as amended and updated through Supplement No. 1 approved and registered by the SFSA on 20 February 2024 (SFSA reg. no. 24-4732) and Supplement No. 2 approved and registered by the SFSA on 12 April 2024 (SFSA reg. no. 24-9569) (the **Base Prospectus**).

This supplement

This supplement forms an integral part of and should be read together with the other parts of the Base Prospectus. This supplement has been prepared by 21Shares AG pursuant to the provisions of Article 23 of the Prospectus Regulation (EU) 2017/1129. This supplement was approved and registered by the SFSA on 17 July 2024 (SFSA reg. no. 24-19705) and was published by the Issuer on said date.

Reasons for this supplement

This supplement has been prepared for the following reasons.

- 1) The Issuer's audited financial statements for the financial year ended 31 December 2023 have been published; and
- 2) The Issuer have (a) agreed to allow Authorised Participants to choose, at their discretion, whether to subscribe for the Products in kind or in cash and (b) resolved to engage also other market professionals as additional primary counterparties for fiat and crypto transactions.

The changes resulting therefrom are set out in the following pages of this supplement.

Right of withdrawal

Only investors who have already agreed to purchase or subscribe for any Products offered under the Base Prospectus before this supplement was published shall have the right, exercisable within two working days after the publication of this supplement, to withdraw their acceptances, provided that the circumstances stated above arose or were noted before the closing of the relevant offer or the delivery of the Products, whichever occurs first.

Such investors can exercise their right of withdrawal pursuant to Article 23(2) of the Prospectus Regulation (EU) 2017/1129 during the period from publication of this supplement up to and including **19 July 2024**. This right of withdrawal cannot be exercised after said date.

Such investors should contact the relevant financial intermediary through which the investor has purchased or subscribed for the Products in question should they wish to exercise the right of withdrawal.

AMENDMENT TO THE SECTION “SUMMARY OF THE PARTIES AND THE STRUCTURE”

In the sub-section “Summary of Product Issuance Process”, on page 94 of the Base Prospectus, of the section “Summary of the parties and the structure”, the words “...at its discretion...” shall be added after the words “...delivers cash...” in the second enumerated sub-paragraph of the second paragraph.

AMENDMENT TO THE SECTION “THE AUTHORISED PARTICIPANT’S ROLE”

In the sub-section “Settlement Process” of the section “The Authorised Participant’s role”, in the last paragraph of the sub-section under the sub-heading “In-Kind Settlement”, on page 111 of the Base Prospectus, the following new sentence shall be added first in the paragraph:

“Authorised Participants may choose, at their discretion, whether to subscribe for the Products in-kind (by the delivery of the relevant amount of Crypto Assets, and, where applicable, Commodity Assets) or in cash (by the payment of the relevant cash amount).”

The information in the sub-section “AML and compliance” of the section “The Authorised Participant’s role”, on page 112 of the Base Prospectus, shall be deleted in its entirety and replaced by the following:

“The Issuer’s primary counterparties for all fiat or crypto related transactions must be Authorised Participants or such other professional market participants subject to regulatory requirements in relation to such fiat and/or crypto related transactions and approved as such by the Issuer (in its absolute discretion). As applicable, these institutions are, severally, responsible for delivering the relevant basket of Crypto Assets during the creation process or, as the case may be, the relevant fiat currency.

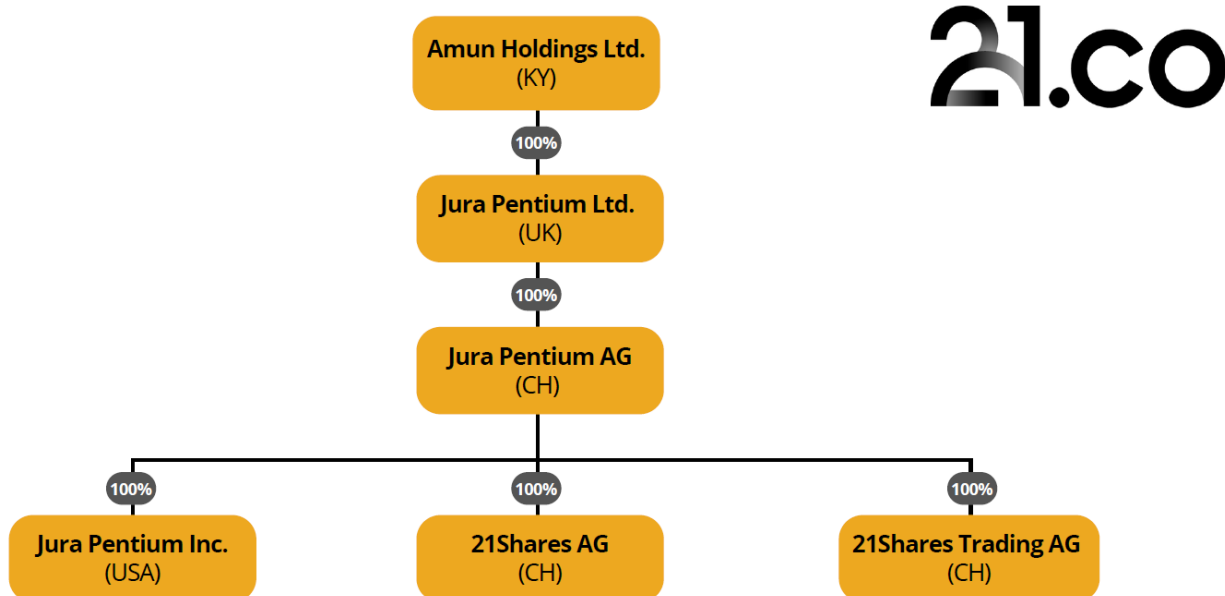
All of the Issuer’s Authorised Participants and other primary counterparties are required to comply with local regulatory requirements, including KYC/AML, in the jurisdiction(s) in which they operate and to have robust compliance processes.”

AMENDMENTS TO THE SECTION “INFORMATION ABOUT THE ISSUER”

The information in the sub-section “d. Group”, starting on page 113 of the Base Prospectus, shall be deleted in its entirety and replaced by the following:

“As at the date of this Base Prospectus, the Issuer is a fully owned subsidiary within the group of companies under the ultimate parent company Amun Holdings Limited, CO Services Cayman Limited, PO Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. The ultimate beneficial majority owner of Amun Holdings Limited is an individual – Samer Rashwan.

The following illustrations shows the group of companies in which the Issuer is one of the subsidiaries (the “Group”):



The above group chart only depicts entities within the group that are relevant to the Issuer.

21Shares AG is the special purpose vehicle that issues the ETP products.

The Group employs nearly 93 employees, primarily in Switzerland, United Kingdom, and the United States. The Group’s vision is to make the best performing asset class of the last decade be accessible to anyone. The group’s team of technologists and bankers set out in Switzerland to build the simplest and most transparent way to access this exciting evolution in finance and technology. As of the date of this Base Prospectus, 21Shares has over 40 crypto exchange-traded products listed, including Products tracking the performance of Bitcoin, Ether, and other innovative Crypto ETP products.

The Issuer uses Amun’s issuance platform to carry out its day-to-day business. European employees are paid through Jura Pentium AG. Jura Pentium AG charges 21Shares AG accordingly through a service level agreement.

As a SPV, 21Shares’ ETP operation is supported by its parent company, other group companies and external service providers.

Jura Pentium AG and Jura Pentium Inc. are the primary 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 Issuer pays intercompany service fees to Jura Pentium AG, its primary service provider operating in Zurich. 21Shares AG recorded USD 26.8 million and USD 24.7 million service fees to Jura Pentium AG during 2023 and 2022 respectively.

Additional contribution in kind equivalent of 60'000 USD Coin (USDC), equivalent to USD 60'000, was made on 20 December 2022 by Amun Holdings Limited. Following the additional contribution, the Articles of Association of the Issuer were updated on 16 January 2023 to reflect the fully paid up (*voll liberiertes*) share capital.

On 28 December 2022 Jura Pentium AG, formerly a sister company of 21Shares AG, became the sole shareholder of the Issuer by virtue of a corporate reorganization. This structure change has not affected the operations or business of the Issuer and was for strategic realignment.

Details of the receivable balances between the Issuer and its related parties are disclosed below:

	31-Dec-2023	31-Dec-2022
	USD	USD
Jura Pentium AG	18,219,220	10,950,873
Total	18,219,220	10,950,873

As stated above in this section, the Issuer is not dependent on any other entities within the group.

Through its indirect shareholding in the Issuer, Amun Holdings Limited (and indirectly Samer Rashwan) can exercise a material influence over the Issuer. However, in certain respects, the provisions in the Swiss Code of Obligations regarding stock corporations regarding powers and responsibilities of different corporate bodies of the Issuer and regarding protection of creditor's interests, limit the influence of Amun Holdings Limited and Samer Rashwan."

The information in the sub-section "h. Business Outlook and Recent Developments", starting on page 116 of the Base Prospectus, shall be deleted in its entirety and replaced by the following:

"The Issuer may expand its product suite to include other financial products catered to crypto investors and the broader crypto market.

The business description contained herein is accurate at the date of this Base Prospectus.

2023 was the year of recovery for risk-on assets such as equities and crypto assets from 2022, one of the most challenging years in financial markets in decades. With a 2023 year-end three-digit performance, the narrative for Bitcoin serving as risk-on and risk-off assets became more relevant last year.

In March 2023, the U.S. regional banking sector faced a significant crisis with the collapse of several banks. Geopolitical tensions remained elevated throughout the year. In October, the attack by Hamas on Israel led to renewed unrest in the Middle East, while the conflict between Ukraine and Russia persisted. However, these events also highlighted Bitcoin's unique value proposition and emphasized investors' changing perception of Bitcoin akin to gold—a safe haven and a hedge against the economic uncertainties.

The year also witnessed significant legal developments involving crypto companies and executives, which marked a turning point, potentially steering the crypto asset space away from its association with bad actors and setting the stage for enhanced risk management and business practices.

Improving macroeconomic conditions and anticipation of the approval of Bitcoin spot ETFs in the US fueled a market surge, with Bitcoin's value spiking nearly 65%, reaching USD43 thousand by year-end. The onset of 2024

sparked further optimism with cooling inflation rates, announcements of potential rate cuts, which usually favor riskier assets, and growing institutional interest in the crypto asset space. The Bitcoin spot ETFs received approval in January 2024, which marks a significant milestone in the crypto asset space, signaling increased institutional adoption and further legitimization of the industry in the world's largest cap markets. In addition, the burgeoning interest in tokenization is continuing to pave the way for greater innovation leveraging blockchain technology.

The Directors are optimistic despite ongoing geopolitical and economic uncertainties. ETF approvals in the US, Hong Kong and potentially for professional investors in the UK, growing use cases for tokenization, institutional adoption and regulatory improvements such as MiCa are foundational to a flourishing ecosystem, aimed at protecting investors while ensuring continuous innovation.”

The information in the last paragraph of sub-section “K. Statutory Auditors”, on page 119 of the Base Prospectus, shall be deleted in its entirety and replaced by the following:

“The Issuer’s annual reports for the years ended 31 December 2023 and 31 December 2022, respectively, have been audited by the Auditor. The information in this Base Prospectus has not been audited or reviewed by the Auditor.”

The information in the last two paragraphs of sub-section “m. Financial Statements”, starting on page 119 of the Base Prospectus, shall be deleted in its entirety and replaced by the following:

“The audited IFRS financial statements for the year 1 January 2023 to 31 December 2023, the audited IFRS financial statements for the year 1 January 2022 to 31 December 2022, the audited IFRS financial statements for the year 1 January 2021 to 31 December 2021 and the unaudited interim IFRS financial statements for the period ended 30 June 2023 are incorporated by reference into this Base Prospectus (see section “*Incorporation by Reference*”).

The financial statements for the years ending on 31 December 2023, 31 December 2022 and 31 December 2021, respectively, were given an unqualified auditor’s opinion by the Auditor.”

The information in the sub-section “p. Borrowing and funding structure”, starting on page 120 of the Base Prospectus, under the sub-headings “Short-term borrowings”, “Changes in borrowing balances between the Issuer and its related parties” and “Other funding aspects”, shall be deleted in its entirety and replaced by the following:

“Short-term borrowings

The Issuer was granted a Line of Credit (**LOC**) for a maximum amount of USD 568'518 as part of the COVID-19 Startup Loan Guarantee program in 2020 from Bank Zarattini & Co. SA in its role as a lender. The LOC bears interest rate of 3 months average SARON rate plus a spread. The Issuer had a balance of USD 487'037 (CHF 410'483) outstanding as at December 31, 2023. The Issuer intends to reduce the loan balance by 2025.

Changes in borrowing balances between the Issuer and its related parties

Details of the receivable balances between the Issuer and its related parties are disclosed below:

	31-Dec-2023	31-Dec-2022
	USD	USD
Jura Pentium AG	18,219,220	10,950,873
Total	18,219,220	10,950,873

Other funding aspects

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 for the respective ETP, and the price of cryptocurrencies. The Company earned a management fee of USD 25.6 million or EUR 23.2 million (2022: USD 28.1 million or EUR 26.7 million). The Company also earned staking rewards of USD 11.3 million or EUR 10.2 million (2022: USD 21 million or EUR 19.9 million) from participating and contributing to the various blockchain networks. The above management fees and staking rewards amounts represent gross revenue before revenue sharing with seeding partners and business partners and ETP and staking direct costs. A portion of the staking rewards earned are also accrued back to the ETP products and shared with the ETP holders. Other revenues amounted to USD 917 thousand or EUR 824 thousand (2022: USD 1.6 million or EUR 1.5 million). The revenue generated was offset by cost of sales and intercompany service fees. Cost of sales relate to direct expenses related to our revenue streams.

Under the intercompany service agreements, the Company receives a number of services from other entities within the same group of companies.

2023 expenses include cost of sales at USD 4.2 million or EUR 3.8 million (2022: USD 5.4 million or EUR 5.1 million), and intercompany service fees at USD 26.9 million or EUR 24.3 million (2022: USD 24.7 million or EUR 23.5 million). The Company also recorded an unrealized loss on revaluation of crypto assets of USD 11.9 thousand or EUR 10.6 thousand (2022: USD 11 million or EUR 10.4 million gain). This resulted in a net profit for the year of USD 39 thousand or EUR 35 thousand (2022: net profit for the year of USD 51 thousand or EUR 48 thousand)."

AMENDMENTS TO THE SECTION "GENERAL INFORMATION"

The information in the subsection "Significant Change", on page 143 of the Base Prospectus, shall be deleted in its entirety and be replaced by the following:

"There has been no significant change in the financial performance or financial position of the Issuer since 31 December 2023, and there has been no material adverse change in the prospects of the Issuer since 31 December 2023."

The information in the subsection "Incorporation by Reference", starting on page 145 of the Base Prospectus, shall be deleted in its entirety and be replaced by the following:

"The information in the following documents is incorporated by reference into this Base Prospectus and constitute an integral part of this Base Prospectus:

No.	Document	Incorporated section	Page
1	The Issuer's audited IFRS financial statements for the year ended on 31 December 2023 including the independent auditor's report, dated 26 April 2024	<ul style="list-style-type: none"> - Report of the statutory auditor to the general assembly - Statement of financial position - Statement of profit or loss and other comprehensive income - Statement of changes in equity - Statement of cash flows - Notes to the financial statements 	<ul style="list-style-type: none"> 11-12 13 14 15 16 17-21
2	The Issuer's interim unaudited IFRS financial statements for the period ended on 30 June 2023	<ul style="list-style-type: none"> - Condensed statement of financial position - Condensed statement of profit or loss and other comprehensive income - Condensed statement of changes in equity - Condensed statement of cash flows - Notes to the condensed financial statements 	<ul style="list-style-type: none"> 9 10 11 12 13-16

3	The Issuer's audited IFRS financial statements for the year ended on 31 December 2022, including the independent auditor's report, dated 20 April 2023	-	Report of the statutory auditor to the general assembly	12-13 14 15
		-	Statement of financial position	16 17
		-	Statement of profit or loss and other comprehensive income	18-24
		-	Statement of changes in equity	
		-	Statement of cash flows	
		-	Notes to the financial statements	
4	The Issuer's audited IFRS financial statements for the year ended on 31 December 2021, including the independent auditor's report, dated 27 April 2022	-	Report of the statutory auditor to the general assembly	11-12 13 14
		-	Statement of financial position	15 16
		-	Statement of profit or loss and other comprehensive income	17-23
		-	Statement of changes in equity	
		-	Statement of cash flows	
		-	Notes to the financial statements	

The documents listed above are available in electronic format at the Issuer's website <https://21shares.com/ir/financials>. This website does not form part of this Base Prospectus (other than where information has been explicitly incorporated by reference into this Prospectus) and has not been scrutinised or approved by the SFSA.

Any documents which are themselves incorporated by reference into the documents listed above shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus."