

Leverage Shares Plc

**Management report and
Condensed unaudited interim financial statements**

For the half financial year ended 31 December 2019

Registered number 597399

Leverage Shares Plc

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Leverage Shares Plc

Directors and other information

Directors	Neil Fleming (<i>Irish</i>) (<i>Independent and Non-Executive</i>) Lisa Hand (<i>Irish</i>) (<i>Non-Executive</i>)	
Registered Office	(<i>As from 31 January 2020</i>) 2nd Floor, Block 5 Irish Life Centre Abbey Street Lower Dublin 1 Ireland	(<i>Up to 31 January 2020</i>) 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
Company Secretary, Issuing & Paying Agent	Apex IFS Limited (<i>formerly Link IFS Limited</i>) 2nd Floor, Block 5 Irish Life Centre Abbey Street Lower Dublin 1 Ireland	
Arranger	Leverage Shares Management Company Limited 116 Mount Prospect Avenue Clontarf Dublin 3 Ireland	
Portfolio Administrator	Interactive Brokers (UK) Limited Level 20 Heron Tower 110 Bishopsgate London EC2N 4AY United Kingdom	
CREST Settlement Agent and CREST Sponsor	Link Market Services Trustees Limited The Registry, 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom	
Custodian & Margin Account Provider	Interactive Brokers LLC One Pickwick Plaza Greenwich CT 0683082 United States of America	
Initial Authorised Participant	BNP Paribas Arbitrage S.N.C. 160-162 Boulevard Macdonald 75019 Paris France	
Registrar	Link Registrars Limited 2 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland	

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Directors and other information (continued)

Determination Agent	<i>(As from 30 August 2019)</i>	<i>(Up to 30 August 2019)</i>
	Calculation Agent Services LLC 34E Putnam Avenue Greenwich CT 06830 United States of America	SEI Global Services, INC. 1 Freedom Valley Drive Oaks PA 19456 United States of America
Solicitor	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland	

Leverage Shares Plc

Interim management report

The Board of Directors (or the "Directors") present the interim report and unaudited financial statements of Leverage Shares Plc (the "Company") for the half financial year ended 31 December 2019.

Principal activities and business review

The Company is a public limited company, incorporated in Ireland on 27 January 2017, under Irish Company law with registered number 597399. The Company is an orphan vehicle, with the shares held for the benefit of a charitable trust (see note 15). The Company is registered in Ireland as a Section 110 vehicle. The Company has been established as a special purpose vehicle (the "SPV") for the purpose of issuing exchange traded securities. The Company commenced trading on 8 December 2017.

The Company established a collateralised exchange traded product programme (the "Programme") under which the Company issues, on an ongoing basis, collateralised exchange traded products (the "ETPs") of different series (each a "Series") or tranche (each a "Tranche") linked to underlying equity securities each providing leveraged exposure to specified equity securities (each individually a "Component Security", collectively the "Component Securities"). The aggregate number of ETPs issued under the Programme will not at any time exceed USD 1,000,000,000.

Each Series constitutes limited recourse obligations of the Company, secured on and payable solely from the Component Securities constituting the ETPs in respect of such Series. Each Series of ETPs may comprise one or more tranches.

Each ETP provides leveraged exposure to a single Component Security. Each Series is assigned a leverage factor in the relevant final terms. The proceeds of the issuance of each Series or Tranche will be deposited with Interactive Brokers LLC (the "Custodian" and the "Margin Account Provider"). The Margin Account Provider will procure that an amount equal to the proceeds of the issuance of the relevant Series multiplied by the applicable leverage factor will be invested in the Component Security of the relevant Series. The Company has physical ownership of the Component Securities.

The ETPs do not bear interest at a prescribed rate. The return (if any) on the ETPs is calculated in accordance with the redemption provisions set out in the base prospectus of the Company.

The Company issued 25 Series of ETPs on 12 December 2017. During the financial period ended 30 June 2019, the Company redeemed and cancelled 13 Series. No new Series were created during the financial period ended 31 December 2019 and 12 Series remain in issue.

General information regarding the Company is further described in note 1 to the interim financial statements.

All ETP Securities in issue as at 31 December 2019 are listed on the main market of the London Stock Exchange

Key performance indicators

During the half financial year:

- the Company made a profit of USD Nil (31 December 2018: loss of USD 986);
- the Company's realised appreciation on financial assets designated at fair value through profit or loss amounted to USD 419,928 (31 December 2018: depreciation of USD 675,654);
- the Company's unrealised gain on financial assets designated at fair value through profit or loss amounted to USD 1,339,293 (31 December 2018: loss of USD 1,480,057);
- the Company's unrealised depreciation on financial liabilities designated at fair value through profit or loss amounted to USD 1,677,345 (31 December 2018: appreciation of USD 2,208,509);
- dividend income from Component Securities amounted to USD 34,832 (31 December 2018: USD 93,214); and
- there were subscriptions in the existing Series of ETP Securities as disclosed in note 12 to the interim financial statements.

As at 31 December 2019:

- the total fair value of the ETP Securities in issue was USD 8,312,302 (30 June 2019: USD 5,668,141);
- the total fair value of the Component Securities was USD 16,222,598 (30 June 2019: USD 11,358,467) as disclosed in note 8 to the financial statements;
- the net assets of the Company were USD 27,365 (30 June 2019: USD 27,365); and
- the ETP Securities that the Company has in issue in respect of each Series are included in note 12 to the interim financial statements.

Future developments

The Company had sought approval for various amendments to the programme documents to facilitate the development and expansion of the product range for which it obtained noteholder approval in January 2020. The Company therefore expects to launch a new range of ETP products in 2020.

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Interim management report (continued)

Going concern

The nature of the Company's business dictates that the outstanding ETPs may be redeemed at any time by any authorised participant who has entered into an authorised participant agreement with the Company. As the redemption of ETPs will coincide with the sale of an equal amount of the Component Security, no liquidity risk is considered to arise. The Company has entered into its primary service contracts with service providers on a non-recourse and non-petition basis and these costs are being met by Leverage Shares Management Company Limited. Therefore, the directors consider the Company to be a going concern and have prepared the financial statements on this basis.

Brexit

The United Kingdom has formally withdrawn from membership of the European Union (the "EU") ("Brexit") and is currently in a transition phase that was agreed in the UK–EU Withdrawal Agreement in which the UK is no longer a member of the EU but continues to be subject to various EU rules and remains a member of the single market and customs union. This phase is currently due to end on the 31 December 2020 and the outcome of negotiations on the detailed trading arrangements post 2020 are unknown. It can be assumed that there will be changes to current UK trading relationships and the UK legal and regulatory environment. These changes may impact how we conduct our business across Europe and how the ETPs are distributed. This uncertainty also could impact the broader global economy, including by reducing investor confidence and driving volatility. Deteriorating business, consumer or investor confidence arising from Brexit or the uncertainty around Brexit could lead to (i) reduced levels of business activity; (ii) higher levels of default rates and impairment; and (iii) mark to market losses in trading portfolios resulting from changes in credit ratings, share prices and solvency of counterparties.

Principal risks and uncertainties

The key risks to the business relate to the use of financial instruments. A summary of these risks are set out in note 17 to the interim financial statements.

At present, the deductibility of foreign withholding tax is the subject of a legal matter taken by Irish Revenue which is pending before the High Court. The result of this matter may have an impact on the classification of withholding tax in the financial statements of the Company.

Results and dividends for the financial period

The results for the financial period are set out on page 7. The directors do not recommend the payment of a dividend for the financial period (31 December 2018: USD Nil).

Market overview

The following aspects of the underlying market may affect the market price of the ETP Securities among other factors:

- the value and volatility of the Index referenced by such Series of ETP Securities and the Component Securities underlying that Index;
- the nature and value of any Component Securities relating to such Series of ETP Securities;
- market perception, interest rates, yields and foreign exchange rates; and
- whether or not any market disruption is subsisting.

The equity markets had a very strong second half in 2019 with the S&P 500 breaching the 3,000-point mark in July 2019 and the Nasdaq hitting the 9,000-point mark in December 2019. The S&P 500 also finished strongly at 3,230.78 posting its biggest December percentage gain since 2010. The markets still remain volatile with interest rate and trade policy concerns and since the end of the financial period, the market has suffered extreme volatility arising from concerns over the COVID-19 virus.

Changes in directors, secretary and registered office during the financial period and/or since the financial period end

On 31 January 2020:

- The registered office address changed from 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland to 2nd Floor, Block 5, Irish Life Centre, Abbey Street Lower, Dublin 1, Ireland.

There were no other changes in directors, secretary and registered office during the financial period and/or since the financial period end.

Directors, secretary and their interests

None of the directors who held office on 1 July 2019 and 31 December 2019 held any shares or ETP Securities in the Company at that date, or during the half financial year. There were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in Section 309 of the Companies Act 2014, at any time during the half financial year. During the half financial year, no fees were paid to the directors for the services provided (31 December 2018: USD Nil). Further information is set out in note 16 to the interim financial statements.

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Interim management report (continued)

Shares and shareholders

The authorised share capital of the Company is EUR 25,000 which has been fully issued and unpaid. All the issued shares are held by Monument Trustees Limited. All shares are held in trust for charity under the terms of declaration of trust.

Accounting records

The directors believe that they have complied with requirements of sections 281 to 285 of the Companies Act 2014 with regards to keeping adequate accounting records by employing accounting personnel with appropriate experience and expertise and by providing services to the financial function. The accounting records of the Company are maintained at 2nd Floor, Block 5, Irish Life Centre, Abbey Street Lower,

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over EUR 200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial period to 31 December 2019 (31 December 2018: EUR Nil).

Subsequent events

Subsequent events have been disclosed in note 18 to the interim financial statements.

Research and development costs

The Company did not incur any research and development costs during the financial period (31 December 2018: USD Nil).

Audit committee

The sole business of the Company relates to the issuance of exchange traded products.

Given the functions performed by the Corporate Service Provider and the limited recourse nature of the securities issued by the Company, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee of the Board to perform effective monitoring and oversight of the internal controls and risk management systems of the Company in relation to the financial reporting process. Accordingly the Company has availed itself of the exemption under 115(10) (c) of S.I. No. 312/2016 - European Union (Statutory Audits) (Directive 2006/43/ES, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016.

Directors' compliance statement

The directors confirm that:

- they acknowledge that they are responsible for securing the company's compliance with its relevant obligations and have, to the best of their knowledge, complied with its relevant obligations as defined in section 225 of the Companies Act 2014;
- they have drawn up a compliance policy statement setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the company with its relevant obligations;
- relevant arrangements and structures have been put in place that provide a reasonable assurance of compliance in all material respects by the Company with its relevant obligations, which arrangements and structures may, if the directors so decide, include reliance on the advice of one or more than one person employed by the Company or retained by it under a contract for services, being a person who appears to the directors to have the requisite knowledge and experience to advise the Company on compliance with its relevant
- the arrangements and structures in place are reviewed on an annual basis.

On behalf of the Board of Directors



Neil Fleming
Director



Lisa Hand
Director

Date: 23rd March 2020

Leverage Shares Plc

Directors' responsibilities statement

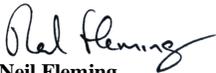
The directors are responsible for preparing the management report and the interim financial statements in accordance with the Companies Act 2014 and the applicable regulations.

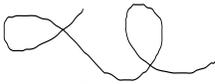
The directors confirm that, to the best of their knowledge:

- the condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the Company; and
- the Interim Management Report includes a fair review of:
 - important events that have occurred during the first six months of the financial year;
 - the impact of those events on the condensed financial statements; and
 - a description of the principal risks and uncertainties for the remaining six months of the financial year.

The directors further indicate that such interim financial statements for the half financial year ended 31 December 2019 have not been audited.

On behalf of the Board of Directors


Neil Fleming
Director


Lisa Hand
Director

Date: 23 March 2020

Leverage Shares Plc

Statement of comprehensive income

For the half financial year ended 31 December 2019

	Note	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
Dividend income	4	34,832	93,214
Realised appreciation/(depreciation) on financial assets designated at fair value through profit or loss		419,928	(675,654)
Unrealised gain/(loss) on financial assets designated at fair value through profit loss		1,339,293	(1,480,057)
Realised foreign exchange		(276)	(567)
Unrealised (depreciation)/appreciation on financial liabilities designated at fair value through profit or loss		(1,677,345)	2,208,509
Total income		<u>116,432</u>	<u>145,445</u>
Operating expenses	6	(26,229)	(25,884)
Total expenses		<u>(26,229)</u>	<u>(25,884)</u>
Operating profit before tax		<u>90,203</u>	<u>119,561</u>
Finance expenses	5	<u>(90,203)</u>	<u>(106,565)</u>
Profit before tax		<u>-</u>	<u>12,996</u>
Tax on profit on ordinary activities	7	<u>-</u>	<u>(13,982)</u>
Total comprehensive expense		<u><u>-</u></u>	<u><u>(986)</u></u>

The notes on pages 11 to 18 form an integral part of the interim financial statements.

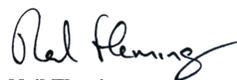
Leverage Shares Plc

Statement of financial position

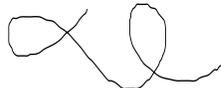
As at 31 December 2019

	Note	31-Dec-19 USD	30-Jun-19 USD
Assets			
Financial assets at fair value through profit or loss	8	16,222,598	11,358,467
Other receivables	9	32,131	28,450
Amounts due from broker	10	977,056	41,042
Cash and cash equivalents	11	-	35,956
Total assets		17,231,785	11,463,915
Liabilities			
Financial liabilities at fair value through profit or loss	12	8,312,302	5,668,141
Amounts due to broker	10	8,851,916	5,560,063
Other payables	13	40,202	208,346
Total liabilities		17,204,420	11,436,550
Total assets less total liabilities		27,365	27,365
Share capital and retained earnings			
Called up share capital presented as equity	14	26,703	26,703
Retained earnings		662	662
Total shareholders' funds		27,365	27,365

The financial statements were approved by the Board of Directors on 23 March 2020 and signed on its behalf by:



Neil Fleming
Director



Lisa Hand
Director

The notes on pages 11 to 18 form an integral part of the interim financial statements.

Leverage Shares Plc

Statement of changes in equity

For the half financial year ended 31 December 2019

	Share capital USD	Retained earnings USD	Total equity USD
Balance as at 1 July 2018	26,703	662	27,365
<i>Total comprehensive income/(expense) for the financial period</i>			
Net loss	-	(986)	(986)
Other comprehensive income/(expense)	-	-	-
Total comprehensive expense for the financial period	-	(986)	(986)
Balance as at 31 December 2018	26,703	(324)	26,379
Balance as at 1 January 2019	26,703	(324)	26,379
<i>Total comprehensive income/(expense) for the financial period</i>			
Net profit	-	986	986
Other comprehensive income/(expense)	-	-	-
Total comprehensive income for the financial period	-	986	986
Balance as at 30 June 2019	26,703	662	27,365
Balance as at 1 July 2019	26,703	662	27,365
<i>Total comprehensive income/(expense) for the financial period</i>			
Net loss	-	-	-
Other comprehensive income/(expense)	-	-	-
Total comprehensive income/(expense) for the financial period	26,703	662	27,365
Balance as at 31 December 2019	26,703	662	27,365

The notes on pages 11 to 18 form an integral part of the interim financial statements.

Leverage Shares Plc

Statement of cash flows

For the half financial year ended 31 December 2019

	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
Cash flows from operating activities		
Loss on ordinary activities before taxation	-	(986)
<i>Adjustments for:</i>		
Unrealised depreciation/(appreciation) on financial liabilities designated at fair value through profit or loss	1,677,345	(2,208,509)
Net (decrease)/increase in financial assets designated at fair value through profit or loss	(4,864,131)	613,561
<i>Movements in working capital</i>		
(Increase)/decrease in other receivables	(3,681)	521
(Decrease)/increase in other payables	(168,144)	54,336
Amounts due to/(from) broker	2,355,839	(378,250)
Net cash used in operating activities	<u>(1,002,772)</u>	<u>(1,919,327)</u>
Cash flows from financing activities		
ETP Securities issuances during the financial period	966,816	1,920,400
Net cash generated from financing activities	<u>966,816</u>	<u>1,920,400</u>
(Decrease)/increase in cash and cash equivalents	(35,956)	1,073
Cash and cash equivalents at start of the financial period	35,956	(1,560)
Cash and cash equivalents at end of the financial period	<u><u>-</u></u>	<u><u>(487)</u></u>

The notes on pages 11 to 18 form an integral part of the interim financial statements.

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Notes to the financial statements

For the half financial year ended 31 December 2019

1 General information

The Company is a public limited company, incorporated in Ireland on 27 January 2017, under registered number 597399. The registered office of the Company is 2nd Floor, Block 5, Irish Life Centre, Abbey Street Lower, Dublin 1, Ireland. The Company has been established as an SPV for the purpose of issuing exchange traded securities. The Company commenced trading on 8 December 2017.

The Company established a Collateralised ETP Securities Programme under which the Company issues, on an ongoing basis, collateralised ETP Securities of different Classes linked to indices providing exposure to specified underlying equity securities. Each Series of ETPs constitutes limited recourse obligations of the Company, secured on and payable solely from the Component Securities constituting the security in respect of such Series. Each Series of ETPs may comprise one or more Tranche.

The Company's principal activity is the listing and issue of ETPs. These securities are issued as demand requires. The ETPs seek to provide leveraged exposure to single stocks (each referred to herein as "Component Security" and collectively the "Component Securities"). Each ETP provides leveraged exposure to a single Component Security. Each Series is assigned a leverage factor in the relevant final terms. The proceeds of the issuance of each Series or Tranche will be deposited with Interactive Brokers LLC. The Margin Account Provider will procure that an amount equal to the proceeds of the issuance of the relevant Series multiplied by the applicable leverage factor will be invested in the Component Security of the relevant Series. The Company has physical ownership of the Component Securities.

Leverage Shares Management Company Limited supplied and/or arranged for the supply of all administrative services to the Company and pays all the principal management and administration costs of the Company, in return for which the Company pays Leverage Shares Management Company Limited an arrangement fee.

All ETP Securities in issue as at 31 December 2019 are listed on the main market of the London Stock Exchange (30 June 2019: Same).

2 Basis of preparation

(a) Statement of compliance

The condensed financial statements for the half financial year ended 31 December 2019 have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2019 and the unaudited interim financial statements for the financial period ended 31 December 2018.

(b) New standards, amendments or interpretations

(i) Effective for annual periods beginning on or after 1 July 2019

A number of new standards and interpretations have been EU endorsed and adopted by the Company:

IFRS 16: Leases

IFRIC 23: Uncertainty over Income Tax Treatments

Amendments to IFRS 9 (Oct 2017): Prepayment Features with Negative Compensation

Amendments to IAS 28 (Oct 2017): Long-term Interests in Associates and Joint Ventures

Amendments to IAS 19 (Feb 2018): Plan Amendment, Curtailment or Settlement

In the current half financial year, the Company has applied the above new standards. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(ii) Standards not yet effective, but available for early adoption

A number of new standards and interpretations have been EU endorsed and are effective for future reporting periods:

Amendments to IFRS 3 (Oct 2018): Definition of Business (effective 1 January 2020)

Amendments to IAS 1 and IAS 8 (Oct 2018): Definition of Material (effective 1 January 2020)

Amendments to IFRS 9, IAS 39 and IFRS 7 (Sep 2019): Interest Rate Benchmark Reform (effective 1 January 2020)

IFRS 17: Insurance Contracts (effective 1 January 2021)

The Company does not plan to adopt these standards early. The impact of the new standards and interpretations will not be material for the Company

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Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

2 Basis of preparation (continued)

(c) Segmental reporting

The standard on segmental reporting puts emphasis on the “management approach” to reporting on operating segments. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur

The Company is engaged in one segment, being a Collateralised ETP Securities Programme under which the Company issues on an ongoing basis ETP Securities of different series linked to a range of equity securities. All the Company’s ETPs track equities of US companies.

The following is a geographical analysis of the revenue by the country of the counterparty:

	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
United States	34,832	93,214
	<u>34,832</u>	<u>93,214</u>

3 Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the Company's financial statements for the financial year ended 30 June 2019.

4 Dividend income

	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
Dividend income	34,832	93,214
	<u>34,832</u>	<u>93,214</u>

The Company receives dividend income on its Component Securities derived from US listed equities.

5 Finance expense

	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
Interest expense	90,203	106,565
	<u>90,203</u>	<u>106,565</u>

A daily margin interest rate corresponding to the relevant benchmark rate plus one per cent is charged by the Margin Account Provider to the Company, as it relates to cash borrowing costs resulting from obtaining exposure to the Component Security of such Series, in accordance with the terms of the Margin Account Agreement and Customer Agreement.

6 Operating expenses

	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
Arrangement fee expense	23,708	25,461
Bank charges	2,521	418
Other expenses	-	5
	<u>26,229</u>	<u>25,884</u>

The Company pays an arrangement fee based on a percentage per annum of the ETP Security Value of the ETP Securities, calculated on a daily basis.

General operational expenses such as Issuer & Paying Agent fees, Determination Agent fees, Registrar fees, Trustee fees, London stock exchange (LSE) fees, Audit fees, Tax fees and Legal fees are borne by Leverage Shares Management Company Limited.

Leverage Shares Plc

Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

6 Operating expenses (continued)

The directors' fee charged for the financial period ended 31 December 2019 was USD Nil (31 December 2018: USD Nil). Leverage Shares Management Company Limited discharges all directors fees in respect of the Company. There was no remuneration earned by the directors of the Company in respect of services provided to the Company (31 December 2018: USD Nil). The Company had no employees during the financial period (31 December 2018: Nil).

7 Tax on profit on ordinary activities

	Half financial year ended 31-Dec-19 USD	Half financial year ended 31-Dec-18 USD
Foreign withholding tax	-	13,982
	<u>-</u>	<u>13,982</u>

As at 31 December 2019, there were no deferred tax assets or liabilities (31 December 2018: USD Nil). During the half financial year ended 31 December 2018, the Company incurred foreign withholding tax on dividend income received on its Component Securities at a rate of 15%.

8 Financial assets at fair value through profit or loss

	31-Dec-19 USD	30-Jun-19 USD
Investment in Component Securities	<u>16,222,598</u>	<u>11,358,467</u>

All unrealised appreciation/depreciation on assets are attributable to market risk arising from price movements on the Component Securities.

The Company purchases Component Securities in underlying companies. The Company has physical ownership of the Component Securities. The Component Securities are traded regularly on US stock exchanges and the prices listed on the exchange of these securities as at 31 December 2019 represent their fair value.

The Component Securities held by the Company as at 31 December 2019 and 30 June 2019 are as follows:

Component Securities	Fair value 31-Dec-19 USD	Cost 31-Dec-19 CCY	Fair value 30-Jun-19 CCY	Cost 30-Jun-19 USD
	Alphabet Inc	1,034,853	925,218	705,834
Amazon.com Inc	2,459,475	2,425,006	2,175,781	1,985,360
Apple Inc	1,925,463	1,449,695	904,494	826,099
Citigroup Inc	909,867	848,314	311,073	283,702
Facebook Inc	939,635	867,089	868,500	758,103
Goldman Sachs Group Inc	874,654	847,504	236,313	227,419
JPMorgan Chase & Co	647,931	539,702	421,374	402,679
Microsoft Corp	2,375,751	2,047,867	1,753,135	1,506,645
Visa Inc	960,921	888,314	845,536	715,781
Netflix Inc	794,688	766,264	1,110,776	1,083,402
NVIDIA Corp	2,553,005	2,059,607	1,348,328	1,356,854
Salesforce.com Inc	746,355	709,216	677,323	693,109
	<u>16,222,598</u>	<u>14,373,796</u>	<u>11,358,467</u>	<u>10,597,890</u>

9 Other receivables

	31-Dec-19 USD	30-Jun-19 USD
Receivable from Leverage Shares LLC	28,085	28,450
Receivable from Arranger	4,046	-
	<u>32,131</u>	<u>28,450</u>

Leverage Shares Plc

Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

10 Amounts due to/from broker	31-Dec-19 USD	30-Jun-19 USD
<i>Due from broker</i>		
Component Securities sold receivable	977,056	41,042
	<u>977,056</u>	<u>41,042</u>
<i>Due to broker</i>		
Margin account	-	5,395,039
Component Securities sold payable	8,851,916	165,024
	<u>8,851,916</u>	<u>5,560,063</u>

The Component Security is held by the Custodian in the Margin Account. A daily margin interest rate corresponding to the relevant benchmark rate plus one per cent is charged by the Margin Account Provider to the Company due to cash borrowing costs resulting from obtaining exposure to the Component Security of the relevant Index of such Series.

11 Cash and cash equivalents	31-Dec-19 USD	30-Jun-19 USD
Cash at bank	-	35,956

As at 31 December 2019, bank accounts held with Allied Irish Banks PLC and BNP Paribas S.A have been closed.

12 Financial liabilities at fair value through profit or loss	31-Dec-19 USD	30-Jun-19 USD
ETP Securities issued	8,312,302	5,668,141

ETP Securities issued for a particular Series are measured at fair value through profit or loss.

The Company's obligations under the financial liabilities issued are secured by the Component Securities as per note 8 to the interim financial statements. The investors' recourse per Series is limited to the assets of that particular Series. Each Series has an option for early redemption.

All unrealised appreciation/depreciation on financial liabilities are attributable to market risk arising from price movements in the Component Securities.

All ETP Securities in issue as at 31 December 2019 are listed on the main market of the London Stock Exchange (30 June 2019: Same).

The financial liabilities in issue at 31 December 2019 and 30 June 2019 are as follows:

Description	Arrangement Fee rate	Fair value	Nominal	Fair value	Nominal
		31-Dec-19 USD	31-Dec-19 USD	30-Jun-19 USD	30-Jun-19 USD
Leverage Shares 2x Alphabet ETP	0.75%	515,778	411,660	351,864	411,660
Leverage Shares 2x Amazon ETP	0.75%	1,226,884	1,159,560	1,085,654	942,180
Leverage Shares 2x Apple ETP	0.75%	960,430	504,600	451,230	504,600
Leverage Shares 2x Citigroup ETP	0.75%	454,027	446,610	155,165	200,000
Leverage Shares 2x Facebook ETP	0.75%	468,631	423,650	433,345	423,650
Leverage Shares 2x Goldman Sachs ETP	0.75%	436,584	491,800	117,828	200,000
Leverage Shares 2x JPMorgan ETP	0.75%	323,232	200,000	210,299	200,000
Leverage Shares 2x Microsoft ETP	0.75%	1,184,928	529,300	875,378	529,300
Leverage Shares 2x Visa ETP	0.75%	479,226	200,000	422,321	200,000
Leverage Shares 2x Netflix ETP	0.75%	396,354	200,000	554,817	200,000
Leverage Shares 2x NVIDIA ETP	0.75%	1,493,983	1,182,780	672,027	1,182,780
Leverage Shares 2x Salesforce.com ETP	0.75%	372,245	200,000	338,213	200,000
		<u>8,312,302</u>		<u>5,668,141</u>	

Leverage Shares Plc

Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

12 Financial liabilities at fair value through profit or loss (continued)

There has been no change in the arrangement fee since the Programme was established.

The return on each Series of ETP's is linked to the daily performance of the applicable Index for such Series. The redemption amount of the ETP's is derived from the liquidation of the collateral assets, as purchased or sold in accordance with the leverage factor of such Series of ETP's. Each Series of ETP's constitutes limited recourse obligations of the Company, secured on and payable solely from the assets constituting the Security in respect of such Series.

The ETP Securities have a final maturity date of 5 December 2067.

13 Other payables	31-Dec-19	30-Jun-19
	USD	USD
VAT payable to Arranger	16,129	13,852
Interest payable	15,399	159,750
Arrangement fees payable to Arranger	8,873	3,188
Payable to Arranger	-	31,757
Corporation tax payable	(199)	(201)
	<u>40,202</u>	<u>208,346</u>

14 Called up share capital presented as equity	31-Dec-19	30-Jun-19
<i>Authorised:</i>	USD	USD
25,000 ordinary shares of EUR1 each	<u>26,703</u>	<u>26,703</u>

<i>Issued and called up:</i>	USD	USD
25,000 ordinary shares of EUR1 each (unpaid)	<u>26,703</u>	<u>26,703</u>

15 Ownership of the Company

The shareholder of the Company is Monument Trustees Limited. All shares are held in trust for charity under the terms of a declaration of trust. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings. No dividends were paid during the financial period or proposed by the directors at the date of the Statement of financial position.

The share trustees have appointed a Board of Directors to run the day to day activities of the Company. The Directors have considered the issue as to who is the ultimate controlling party. It has been determined that the control of the day to day activities of the Company rests with the Board.

16 Related party transactions including transactions with Administrator and Manager

Transactions with Administrator and directors

Leverage Shares Management Company Limited provides arrangement services to the Company. The Company paid fees for such services amounting to USD 23,708 (31 December 2018: USD 25,461) to Leverage Shares Management Company Limited during the financial period under review. In return for this, Leverage Shares Management Company Limited pays all operating expenses as described in Note 6. As at 31 December 2019, net amount accrued to Leverage Shares Management Company Limited was USD 20,956 (30 June 2019: USD 48,797).

Lisa Hand and Neil Fleming are also directors of the Company's Arranger, Leverage Shares Management Company Limited.

Apex IFS Limited ("Apex") provides services such as accounting and reporting, company secretarial, issuing and paying agent and other administration services to the Company. Lisa Hand is both an employee of Apex and a director of the Company. Leverage Shares Management Company Limited will pay fees to Apex for services received during the financial period ended 31 December 2019.

Other than the above, there were no related party transactions during the financial period under review.

No director of the Company held any ETPs as at 31 December 2019 and/or during the financial period.

Leverage Shares Plc

Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

17 Financial risk management

Risk management framework

The Company is exposed to a variety of financial risks because of its activities. These risks include credit /counterparty risk, market risk (including interest rate risk, price risk and currency risk), liquidity risk and operational risk.

The Company has attempted to match the properties of its financial liabilities to its financial assets, to avoid significant elements of risk generated by mismatches of investment performance against its obligations together with any maturity or interest rate risk. The Company uses the net proceeds of the issuance of ETPs to invest in Component Securities to hedge its payment obligations in respect of each Series of the ETPs. The Component Securities for each Series of ETPs will produce net cash flows to service all the Company's payment obligations in respect of that Series. This provides a hedge for the Company against market risk (interest rate risk, currency risk and price risk) and liquidity risk. However, the noteholders are still exposed to these risks and the risks are not managed by the Company as the investors have entered the ETP program for the purpose of obtaining exposure to these risks.

This economic hedge is executed through the Company's activities as described above and through its agreements with its counterparties. Certain of the Company's daily operational activities and processes are outsourced to Apex IFS Limited. Refer to "Operational Risk" section for more details.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities are borne fully by the holders of ETPs issued. The ETPs issued are initially recorded at the value of the net proceeds received and are carried as financial liabilities at fair value through profit or loss. The ultimate amount to be repaid to the ETP holders will depend on the proceeds from the related Component Securities. All substantial risks and rewards associated with the performance of the Component Securities are ultimately borne by the ETP holders. Therefore, any change in risk variables would not affect the equity or the results of the Company.

The Company, and ultimately the holders of the ETP Securities, have exposure to the following risks from its use of financial instruments

- (a) Market risk;
- (b) Credit risk;
- (c) Liquidity risk; and
- (d) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing these risks.

(a) **Market risk**

The Company's liabilities in respect of the ETP Securities issued is referenced to various equity securities and is managed by the Company by investing in Component Securities which match the liability created by the issue of ETPs and margin account

(i) *Interest rate risk*

As the Company has entered in Component Securities to match the ETP Securities in issue and the margin account balance, there is deemed to be no net interest rate risk to the Company.

Any change in the benchmark rate for the margin account will be offset by a change in the valuation of the ETP Securities. The ETP Security Value includes cash borrowing costs. This is the finance expense on the margin account. The finance expense on the margin account equates to a daily margin interest rate corresponding to the relevant benchmark rate plus one per cent and as a result is floating in nature.

(ii) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company's activity is the investment in Component Securities whose base currency matches the base currency of the ETPs and margin account, there is deemed to be no currency risk to the Company. The Company is owed a EUR amount from Leverage Shares LLC. As the balance is minimal, the Board of directors are satisfied that the Company faces minimal currency risk.

(iii) *Price risk*

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its Company or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of financial assets at fair value through profit or loss held by the Company will be offset by movements in the fair value of the issued ETP Securities.

Leverage Shares Plc

Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

17 Financial risk management (continued)

(b) Credit risk

Credit/Counterparty risk refers to the risk that the Custodian will default on its contractual obligations resulting in the Company being unable to make payment of amounts due to the ETP holders or collect the amounts due from broker. Accordingly, the Company and the ETP Securities holders are exposed to the creditworthiness of the Custodian.

The broker and the Custodian for the Component Securities and amounts due from Broker, held on 31 December 2019 is Interactive Brokers LLC. Interactive Brokers LLC has a BBB+ (30 June 2019: BBB+) Outlook Positive rating from Standard and Poor's. The Company has entered into a portfolio administration agreement with Interactive Brokers LLC as Custodian along with the Trustee and Portfolio Administrator which includes indemnity clauses to the Company in relation to bad faith, wilful deceit or gross negligence on behalf of the Custodian, Trustee or Portfolio Administrator. The Custodian will identify in its own books that the Component Securities belong to the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company may be unable to fulfil its obligations (by delivery of cash), whether expected or unexpected. The legal maturity of the ETPs is 5 December 2067. ETPs Securities cannot be issued without a matching investment in a Component Security being put in place. ETPs can be issued and redeemed daily, therefore this is the earliest maturity date.

The ability of the Company to generate enough arranger fees for Leverage Shares Management Company Limited to fund the Company's operational expenses on a long term basis is impacted by the value of the Company's investment in Component Securities which is in turn principally impacted by investor appetite for the ETPs and movements in the market value of the Component Securities.

Contractual undiscounted cashflows

The return on each Series of ETP Securities will be linked to the daily performance of the applicable Index for such Series, which in turn will be linked to the performance of the Component Security underlying that Index. The redemption amount of the ETP Securities will be derived from the liquidation of the Collateral Assets, as purchased or sold in accordance with the Leverage Factor of such Series of ETP Securities. The amount payable on redemption of the ETP Securities will depend on the liquidation of the Collateral Assets held in the Margin Account.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. Certain management and administration functions are outsourced to Apex IFS Limited and Leverage Shares Management Company Limited.

The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of collateral held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer the securities might be impaired.

Leverage Shares Plc

Notes to the financial statements (continued)

For the half financial year ended 31 December 2019

17 Financial risk management (continued)

(e) Fair values

Fair Value Measurement Principles of Component Securities

The fair values of the Component Securities are their listed price on the recognised stock exchanges in the United States of

Fair Value Measurement Principles of ETP

The ETP value in respect of a Series of ETPs tracks the value of the specified Component Security and is calculated in accordance with the following:

On the Issue Date of each Tranche the ETP Security Value will be equal to the Issue Price of the ETP Security. On any Valuation Date thereafter, the ETP Security Value is calculated as the ETP Security Value on the immediately preceding Valuation Date

- the change in the value of the Component Securities since such preceding Valuation Date (as referenced to on the applicable stock exchange), less
- any cash borrowing costs, cash lending revenues, stock borrowing costs, revenues on collateral or costs of transaction taxes in respect of a Series of ETP Securities resulting from obtaining leveraged exposure to the Component Security (as described in the ETP agreement, using market observable inputs), minus
- applicable fees (as disclosed in the ETP agreement).

The fair value of financial instruments carried at fair value is determined according to the following hierarchy:

Level 1: Financial instruments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. Quoted prices for these instruments are not adjusted. The Component Securities held by the Company are classified as Level 1.

Level 2: Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 financial instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The ETPs issued by the Company are classified as Level 2.

Level 3: Financial instruments classified within level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the financial instrument and include situations where there is little, if any, market activity for the financial instrument. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value, if applicable.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the last day of the accounting period. There were no transfers during the half financial year between levels of the fair value hierarchy for financial assets which are recorded at fair value.

At the reporting date the Collateral Assets are classified as Level 1, as a quoted price is available and the ETP Securities are classified as Level 2 as all inputs are observable.

18 Subsequent events

On 22 January 2020, it was noted that the Company's programme has been updated and the all proposed resolutions to amend the terms and conditions of the ETP Securities and the Company's programme documents were passed (the Amendments").

The Directors have noted the impact of the COVID-19 virus on the international equity markets. The longterm impact on investor appetite for ETPs and the value of issuances by the Company is uncertain.

There has been no other significant subsequent events after the half financial year up to the date of signing this report that require disclosure and/or adjustment to the condensed financial statements.

19 Capital management

For the purpose of the Company's capital management, capital includes issued share capital. The primary objective of the Company's capital management is to maintain shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to debt securities (i.e. the ETPs). There have been no breaches of any covenants in the current financial period. No changes were made to the objectives, policies or processes for managing capital since the beginning of the financial period.

Leverage Shares Plc

Notes to the financial statements (continued)
For the half financial year ended 31 December 2019

20 Comparatives

In line with IAS 34, the comparative information for the Statement of comprehensive income, Statement of cash flows and Statement of changes in equity are for the half financial year ended 31 December 2018 and the comparative information for the Statement of financial position is as at 30 June 2019.

21 Commitments and Contingencies

The Company had no commitments or contingencies as at 31 December 2019.

22 Approval of financial statements

23rd March 2020

The Board of Directors approved these financial statements on