

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors and Management Tether Holdings Limited

In accordance with our engagement letter and its terms and conditions dated 31 March 2022, we are reporting to the management of Tether Holdings Limited (the “**Company**”) and its wholly owned subsidiaries in the British Virgin Islands and Hong Kong (the “**Group**”) that we have examined the assertions in its Consolidated Reserves Report as of 31 March 2022 at 11:59 PM UTC (the “**CRR**”), a copy of which has been included in **Appendix 1** to this report, is correctly stated based on the balances set out therein.

Opinion

In our opinion, the CRR as prepared by the management of the Group as of 31 March 2022 at 11:59 PM UTC, is, in all material respects, fairly presented in accordance with the criteria, including Management’s Key Accounting Policies, set out therein.

Our findings as of 31 March 2022, at 11:59 PM UTC are:

- The Group’s consolidated total assets amount to at least USD 82,424,821,101 and the asset breakdown set out in the CRR is materially accurate.
- The Group’s consolidated total liabilities amount to USD 82,262,430,079 of which USD 82,188,190,813 relates to digital tokens issued.
- The Group’s consolidated assets exceed its consolidated liabilities.
- The Group’s consolidated reserves held for its digital assets issued exceeds the amount required to redeem the digital asset tokens issued.

Basis for Opinion

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

We conducted our attestation engagement in accordance with the:

- International Standard on Assurance Engagements (ISAE 3000 (Revised))
- International System for Quality Control (ISQC 1)
- International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) under which our responsibilities include being independent of the Group, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Those standards require that we plan and perform the attestation examination to obtain reasonable assurance about whether the assertions by the Group’s management in its CRR are fairly stated, based on our investigation of the balances set out therein, in all material respects. An assurance engagement involves performing procedures to obtain reasonable evidence about the CRR.

Our opinion is limited solely to the CRR and the corresponding consolidated total assets and consolidated total liabilities as of 31 March 2022, at 11:59 PM UTC. Activity prior to and after this time and date was not considered when testing the balances and information described above. In addition, we have not performed any procedures or provided any level of assurance on the financial or non-financial activity on dates or times other than that noted within this report.

The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the CRR, whether due to fraud or error. In making an assessment of the risks of material misstatement, we considered and obtained an understanding of internal controls relevant to the preparation of the CRR in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such internal controls. Accordingly, no such opinion is expressed.

The Group's management is responsible for its assertions in its CRR that relate to its consolidated assets to back its consolidated liabilities issued, including the consolidated liabilities for the digital assets issued, as well as other assets and liabilities of the group.

The Notes to the CRR included in **Appendix 2** are provided by management of the Group for additional information only, and this information has not been subject to the scope of our assurance engagement and, accordingly, we do not express an opinion or provide any assurance on it. Our responsibility is to read the other information in Appendix 2, and, in doing so, consider whether the other information is materially inconsistent with the CRR or our knowledge obtained in the course of the engagement, or otherwise appears to be materially misstated.

Emphasis of Matter

We draw attention to the following in the accompanying CRR:

- The reporting date is limited to a point in time as of 31 March 2022 at 11:59 PM UTC. We did not perform procedures or provide any assurance at any other date or time in this report.
- Management's accounting policies are to value:
 - Financial assets are initially valued at fair value. Subsequently investments in financial assets are measured at fair value, with the except of certain loans which are measured at amortised cost and adjusted for any expected credit loss allowance.
 - Intangible digital assets are valued at cost less any impairment.
 - Investments in precious metals are valued at fair value through profit and loss.
 - Tether tokens in issue have been classified as refund liabilities in line with IFRS 9, which are repayable on demand, and are recorded at the contractual redemption value of the tokens.
 - Other assets and other liabilities are valued at amortised cost less any expected credit losses.
- Management have applied a going concern basis of accounting to value the Group's assets. The going concern assessment requires significant management judgement with regards to the Group's liquidity, market and credit risks. We do not provide any assurance in respect of such assessment.
- The valuation of the assets of the Group have been based upon normal trading conditions and do not reflect an unexpected large-scale sale of assets, or the case of any key custodians or counterparties defaulting or experiencing substantial illiquidity, which may result in materially different or delayed realisable values. No provision for expected credit losses was identified by management at the financial reporting date.

- At the reporting date, Tether Holdings Limited was the defendant in two ongoing legal cases, the outcome of which cannot yet be reasonably reliably estimated by management and no provision was recognised by management.
- The digital assets issued by the Group allow holders to transact and settle transactions in a rapid manner, which can be pseudonymous, and pseudonymously verified by the sender and recipient. The digital asset industry is innovating rapidly, with a trend lowering cost, increasing accessibility and adoption. However, any users of digital assets, including those issued by the Group, should firstly inform themselves of the general risks and uncertainties, including evolving legal and regulatory requirements, and Tether Holding Limited's [risk disclosure statement](#) and [terms of service](#), including those of [Tether Gold](#) if applicable.

Our opinion is not modified in respect of these matters.

MHA Cayman

MHA Cayman

18 May 2022



APPENDIX 1

Consolidated Reserves Report (the “CRR”)

Prepared by Tether Holdings Limited

As of 31 March 2022, at 11:59 UTC



CONSOLIDATED RESERVES REPORT

This report includes financial information for and in respect of Tether Holdings Limited (the “Company”) and its wholly owned subsidiaries in the British Virgin Islands and Hong Kong (the “Group”). This report is not the financial statements of the Group but is unaudited financial information extracted from its accounting records.

The Management of the Company asserts the following as of 31 March 2022 at 11:59 PM UTC:

- The Group’s consolidated total assets amount to at least US\$82,424,821,101.
- The Group’s consolidated total liabilities amount to US\$82,262,430,079, of which US\$82,188,190,813¹ relates to digital tokens issued.²
- The Group’s consolidated assets exceed its consolidated liabilities.
- The Group’s consolidated reserves held for the digital tokens issued exceeds the amount required to redeem the digital tokens issued.

MANAGEMENT’S KEY ACCOUNTING POLICIES:

- This report is prepared using the recognition and measurement principles of IFRS as issued by the IASB, but does not contain sufficient information in terms of general presentation, required primary statements, and disclosures in order to comply with IFRS.
- Management has applied a going concern basis of accounting to value the Group’s assets.
- Financial assets are initially valued at fair value. Subsequently investments in financial assets are measured at fair value, with the exception of certain loans, which are measured at amortised cost and adjusted for any expected credit loss allowance.
- Intangible digital assets are valued at cost less any impairment.
- Investments in precious metals are valued at fair value through profit and loss.
- Tether tokens issued have been classified as refund liabilities in line with IFRS 9, which are repayable on demand, and are recorded at the contractual redemption value of the tokens.
- Other assets and other liabilities are valued at amortised cost less any expected credit losses.

¹ The consolidated liabilities related to digital tokens issued comprises the consolidated amount related to the total digital tokens issued less digital tokens held by the group but not in its treasury wallet. Digital tokens in the treasury wallet are authorised but not yet issued and are not considered liabilities of the Group. The total consolidated liability related to all digital tokens issued, including those held by the Group, is equal to US\$82,262,430,079. The consolidated amount related to digital tokens held by the Group but not in its treasury wallet is equal to US\$74,239,266. The consolidated digital tokens held by the Group do not form any part of the consolidated assets or liabilities of the Group.

² The Group’s transparency page is published daily and updated at least once per day. Accordingly, from time to time, there may be a delay between issuances and the information available on the transparency page. On the reporting date, there are no issuances that are not reflected on the transparency page.

- The valuation of the assets of the Group is based on normal trading conditions and does not reflect unexpected and extraordinary market conditions, or the case of key custodians or counterparties experiencing substantial illiquidity, which may result in delayed realisable values. No provision for expected credit losses was identified by management at the reporting date.

OTHER INFORMATION:

- *Reporting Date:* The reporting date is limited to a point in time as of 31 March 2022 at 11:59 PM UTC.
- *Outstanding Litigation:* At the reporting date, the Company and/or members of the Group are defendants in two ongoing civil litigation proceedings, the outcomes of which cannot yet be reasonably reliably estimated by management, and no provision is recognised.

- *Asset Breakdown:* At the reporting date, the breakdown of the minimum consolidated total assets is as follows:

Cash & Cash Equivalents & Other Short-Term Deposits & Commercial Paper:	
Commercial Paper & Certificates of Deposit ³	\$20,096,579,998
Cash & Bank Deposits ⁴	\$4,100,485,805
Reverse Repurchase Agreements ⁵	\$105,331,269
Money Market Funds ⁶	\$6,798,150,552
U.S. Treasury Bills ⁷	\$39,199,221,428
Non-U.S. Treasury Bills ⁸	\$286,155,289
Subtotal	\$70,585,924,341
Secured Loans (none to affiliated entities)	\$3,149,732,368
Corporate Bonds, Funds & Precious Metals	\$3,729,529,946
Other Investments (including digital tokens)	\$4,959,634,446
Total	\$82,424,821,101

- *Commercial Paper & Certificates of Deposit:* At the reporting date, the rating⁹ of the commercial paper and certificates of deposit held in the minimum consolidated total assets is as follows:

A-1+	\$2,032,035,789
A-1	\$10,606,186,576
A-2	\$7,358,285,689
A-3	\$100,071,944
Total	\$20,096,579,998

³ Commercial paper & certificates of deposit comprises commercial paper (short-term debt issued by corporations) and certificates of deposit (negotiable short-term deposits issued by financial institutions). The average duration of items in this category is 44 days and the average rating is A-1.

⁴ Cash & bank deposits comprises: cash deposits at financial institutions and call deposits, i.e., deposits that may be withdrawn with two days' notice or less; fiduciary deposits, i.e., deposits made by banks on behalf of and for the benefit of members of the Group; and, term deposits, i.e., deposits placed by members of the Group at its banks for a fixed term.

⁵ Reverse repurchase agreements comprises agreements that have been entered into directly or indirectly by means of the purchase of structured notes or fund vehicles, where the ultimate issuer or guarantor of the agreement has a rating of A-2 or better.

⁶ Money market funds comprises funds investing in highly liquid, short-term money market instruments, including but not limited to deposits, treasury bills, commercial paper, and reverse-repurchase agreements.

⁷ U.S. treasury bills comprises U.S. treasury bills with a maturity of less than 120 days.

⁸ Non-U.S. treasury bills comprises non-U.S. treasury bills with a maturity of less than 180 days.

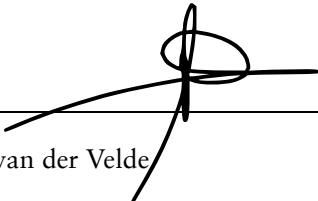
⁹ All references to credit ratings refer to Standard & Poor's ratings, or equivalent ratings by Moody's, Fitch, or other Nationally Recognized Statistical Rating Organization, as defined by the U.S. Securities and Exchange Commission.

At the reporting date, the breakdown of the maturity of the commercial paper and certificates of deposit held in the minimum consolidated total assets is as follows:

0–90 days	\$18,873,342,614
91–180 days	\$1,123,436,236
181–365 days	\$99,801,148
Total	<u>\$20,096,579,998</u>

- *Risks Associated with Digital Tokens:* The digital tokens issued by the Group allow holders to transact and settle transactions in a rapid manner, which may be pseudonymous, and may be verified by the sender and the recipient. The digital asset industry is nascent and innovating rapidly. Accordingly, any users of digital assets, including those tokens issued by the Group, should first inform themselves of the general risks and uncertainties of the industry, including as to evolving legal and regulatory requirements. Users of Tether tokens should familiarize themselves with the risk disclosures, as they may be changed and updated from time to time, available at the “Risk Disclosure Statement” tabs at <https://tether.to/legal/> and <https://gold.tether.to/legal/>.
- *Tether Gold:* Tether Gold (XAU₣) tokens are digital tokens that represent ownership of physical gold. Holders of XAU₣ tokens have undivided ownership rights to gold on specified gold bars. A member of the Group is the issuer of the XAU₣ tokens and the representative of the token holders with the custodian. XAU₣s are issued to a token holder upon or shortly following receipt of the gold by the custodian. Accordingly, the gold in respect of issued XAU₣ tokens is held in the Group’s reserves for a short period of time between purchase of the gold and the issuance of the XAU₣ tokens, but there is no such gold as of the reporting date. However, XAU₣ tokens that are available for sale to users, but not yet sold to them, are included in the Group’s asset reserves.¹⁰

Authorised and approved by the Board of Directors on 18 May 2022 and signed by:



JL van der Velde

¹⁰ At the reporting date, there are 246,524.33 XAU₣ tokens that have been issued, 142,320.92 of which have been sold and 104,203.41 of which are ready for sale. The custodian holds 246,524.33 fine troy ounces of gold in respect of the XAU₣ tokens. The fair market value of the gold held by the custodian in respect of the XAU₣ tokens that have been sold is equal to US\$275,738,243. The fair market value of the gold held by the custodian for XAU₣ tokens ready for sale is equal to US\$201,887,855.



APPENDIX 2

Notes to the Consolidated Reserves Report
(no assurance provided by the independent accountant on these notes)

Prepared by Tether Holdings Limited

As of 31 March 2022, at 11:59 UTC

NOTES TO THE CONSOLIDATED RESERVES REPORT
(NO ASSURANCE PROVIDED BY THE INDEPENDENT ACCOUNTANT ON THESE NOTES)

1. RESPONSIBILITIES OF MANAGEMENT:

Management is responsible for the preparation and fair presentation of this Consolidated Reserves Report, and for such internal control as management determines is necessary to enable its preparation free from material misstatement.

2. BACKGROUND INFORMATION:

2.1. The Company is a British Virgin Island company. Tether Limited, a member of the Group, is registered as a Money Services Business with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury. Members of the Group make reports to the BVI's Financial Investigation Agency pursuant to applicable law.

2.2. Tether Tokens are stablecoin utility tokens that facilitate commercial transactions and activity in various marketplaces. As of the reporting date, Tether tokens are available on 9 discrete blockchains,¹¹ all as approved by the Group. The total number of authorised and issued tokens is made publicly available by the Group. All Tether tokens are backed by an equivalent amount of assets held in reserves by the Group. The use of Tether tokens is governed by Tether's terms of service, as they may be changed and updated from time to time, available at <https://tether.to/legal/>, provided that the use of XAU₣ tokens is governed by Tether Gold's gold token terms of sale and service, as they may be changed and updated from time to time, available at <https://gold.tether.to/legal>.

¹¹ Tether tokens are currently issued on the Ethereum, Tron, EOS, Liquid, Algorand, SLP, Solana, Avalanche, and Omni layer (Bitcoin) blockchains.