

TETHER HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT ON THE
CONSOLIDATED FINANCIALS FIGURES AND
RESERVES REPORT

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To the Board of Directors of
Tether Holdings Limited

We have been engaged to perform a reasonable assurance engagement on the Consolidated Financials Figures and Reserves Report of Tether Holdings Limited (the "Company") and its wholly owned subsidiaries Tether International Limited (BVI), Tether Operations Limited (BVI), Tether Limited (Hong Kong), Alpha Group Commodities Limited (BVI), TG Commodities Limited (BVI), Tether Investments Limited (BVI), Zettahash (BVI) and Uruguay Research (BVI) (the "Group") as at 31 March 2024, a copy of which has been attached to this report.

Management's Responsibility for the Consolidated Financials Figures and Reserves Report

Management is responsible for the preparation of the Consolidated Financials Figures and Reserves Report in compliance with the criteria, including Management's Key Accounting Policies, set out in the Consolidated Financials Figures and Reserves Report and for such internal control as management determines is necessary to enable the preparation of the Consolidated Financials Figures and Reserves Report that is free from material misstatement, whether due to fraud or error.

Auditors' Independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies *International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (ISQM1)* and, accordingly, maintains a system of quality control that includes directives and procedures concerning compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Consolidated Financials Figures and Reserves Report with the criteria, including Management's Key Accounting Policies, set out therein.

We carried out our work in accordance with the criteria established in the International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for reasonable assurance engagements. This standard requires that we plan and perform the engagement to obtain reasonable assurance whether the Consolidated Financials Figures and Reserves Report is free from material misstatement.

The procedures performed on the Consolidated Financials Figures and Reserves Report are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the Consolidated Financials Figures and Reserves Report, analysis of documents, recalculations and other procedures aimed to obtain evidence, as appropriate.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona.

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Specifically, we carried out the following procedures:

- obtain a comprehension of internal control system;
- perform enquiries with the Management on the business operation of the last quarter, identifying material changes;
- compare financial data between the current Consolidated Financials Figures and Reserves Report report and the ones of the previous periods and discussion of possible significant differences;
- obtain confirmation letters directly from banks and depositaries and verify the reconciliations performed by management between the amounts in the accounting ledger/system and the bank statement to confirm the existence of the assets disclosed in the Consolidated Financials Figures and Reserves Report;
- obtain reports from a specialized provider relating to inventory and quality testing, on sample basis, of precious metals and performing inventory procedures in order to confirm the existence of assets disclosed in the Consolidated Financials Figures and Reserves Report;
- verify, for a significant sample, the correct valuation of the assets disclosed in the Consolidated Financials Figures and Reserves Report in accordance with the criteria described in the Management's Key accounting policies;
- verify the reconciliations performed by management between the accounting ledger/system and the ledgers on the various blockchains relating to assets and liabilities at 31 March 2024;
- verify, for a sample of outstanding secured loans, the existence of the collateral through the analysis of the contract and of the transactions;
- verify the correctness of the disclosures included in the Consolidated Financials Figures and Reserves Report, excluding the Notes.

Conclusion

In our opinion, the Consolidated Financials Figures and Reserves Report, as prepared by the management of the Group as of 31 March 2024, is, in all material respects, fairly presented in accordance with the criteria, including Management's Key Accounting Policies, set out therein.

Emphasis of Matter

We draw attention to the following in the accompanying Consolidated Financials Figures and Reserves Report:

- The reporting date is limited to a point in time as of 31 March 2024. We did not perform procedures or provide any assurance at any other date or time in this report.
- Management's accounting policies provide the following:
 - financial investments are valued at fair value in line with IFRS 9, except for Tether Investments Limited (BVI), for which assets include some private equity and venture capital investments conservatively valued at cost unless listed or at the price of the last capital raise;
 - investments in precious metals are valued at fair value;
 - intangible digital assets are valued at fair value;
 - secured loans are fully collateralized by liquid assets and regularly monitored and are measured at amortised cost (notional value for short-term secured loans) and adjusted for any expected credit loss allowance in line with IFRS 9;
 - 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 (notional value for short-term assets and liabilities) less any expected credit losses.

- Management has applied a going concern basis of accounting to value the Group's assets. The going concern assessment requires significant management judgment 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 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.
- At the reporting date, Tether Holdings Limited and its wholly owned subsidiaries are defendant in one ongoing civil litigation proceeding, the outcomes of which cannot yet be reasonably reliably estimated by management and its counsel. 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 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.

Our opinion is not modified in respect of these matters.

Basis of Accounting

Without modifying our conclusion, we draw attention to the Management's Key Accounting Policies included in the Consolidated Financials Figures and Reserves Report, which describe the basis of accounting. The Consolidated Financials Figures and Reserves Report is prepared by management of Tether Holdings Limited for transparency purposes. As a result, the Consolidated Financials Figures and Reserves Report may not be suitable for another purpose.

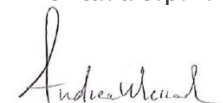
Scope limitations

Our opinion is limited solely to the Consolidated Financials Figures and Reserves Report and the corresponding consolidated total assets and consolidated total liabilities as of 31 March 2024. 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 Notes to the Consolidated Financials Figures and Reserves Report 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 the Notes, and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financials Figures and Reserves Report or our knowledge obtained in the course of the engagement, or otherwise appears to be materially misstated.

Milan, 30 April 2024

BDO Italia S.p.A.



Andrea Mezzadra
Partner



Consolidated Financials Figures & Reserves Report

This report includes financial information for and in respect of wholly owned subsidiaries of **Tether Holdings Limited** (the “**Group**”)¹. This report is not the financial statements of the Group but is financial information extracted from its accounting records.

To provide additional transparency, the Group has adopted this new reporting format, which introduces additional information.

Only the assets owned by the companies issuing fiat-denominated Tether tokens (being Tether International Limited (BVI) and Tether Limited (HK)), are considered as reserves backing the fiat-denominated Tether tokens in circulation (the “**Reserves**”) for which additional details are provided in the dedicated section. Assets held by Tether Investments Limited (BVI) and by the Other Group Entities are not part of the Reserves.

Consolidated financial figures as of 31 March 2024 and its comparative as of 31 December 2023 at 11:59 PM UTC are:

FINANCIAL FIGURES	31 March 2024			31 December 2023		
	Total Assets	Total Liabilities	Net Equity	Total Assets	Total Liabilities	Net Equity
<i>In USD Millions</i>						
Tether International Limited & Tether Limited (Combined) (Reserves) ²	110,289	(104,028)	6,261	96,778	(91,575)	5,203
Tether Investments Limited ³	4,784	-	4,784	321	(19)	302
Other reported Group entities ⁴	342	(14)	328	1,522	(22)	1,500
GROUP TOTAL⁵	115,415	(104,042)	11,373	98,621	(91,616)	7,005

¹ The wholly owned subsidiaries consolidated are: Tether International Limited (BVI), Tether Limited (Hong Kong), Tether Operations Limited (BVI), Alpha Group Commodities Limited (BVI), TG Commodities Limited (BVI), Tether Investments Limited (BVI), ZettaHash Limited (BVI) and Uruguay Research Limited (BVI).

² Tether International Limited (BVI) and Tether Limited (HK) are the companies which issue Tether tokens pegged to fiat currencies such as USDt, EURt, CNHt and MXNt and managing the Reserves backing those Tether tokens. Only these assets are Reserves backing the issued stablecoins.

³ Tether Investments Limited (BVI) is the dedicated vehicle for proprietary investments into sustainable energy, Bitcoin mining, data, AI infrastructure, P2P telecommunications technology, and other long term proprietary investments. The assets of Tether Investments Limited do not form part of the Reserves. There is no liability because the operating expenses are paid by Tether Operations Limited (BVI).

⁴ The Group has other subsidiaries not considered material that are aggregated in this line. It includes Tether Operations Limited (BVI), ZettaHash Limited (BVI), Uruguay Research Limited (BVI), Alpha Group Commodities Limited (BVI) and TG Commodities Limited (BVI).

⁵ In the previous published attestation, Tether Investment Limited (BVI), ZettaHash Limited (BVI), Uruguay Research Limited (BVI) and the respective assets held at the reference date were not reported in the disclosed assets.



The value of the assets composing the Reserves as at March 31, 2024 exceed the value of the liabilities of the Companies issuing fiat-denominated Tether tokens by **USD 6,261,866,717**.

Changes in Net Equity for the period are:

CHANGE IN NET EQUITY <i>In USD Millions</i>	Net Equity as at beginning of the period: 31.12.2023	During the period			Net Equity as at end of the period: 31.03.2024
		Financial result	Dividend Distributions	Capital injections	
Tether International Limited & Tether Limited (Combined)	5,203	4,306	(3,248)	-	6,261
Tether Investments Limited	302	166	-	4,316	4,784
Other reported Group entities	1,500	50	(1,302)	80	328
TOTAL	7,005	4,522	(4,550)	4,396	11,373

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 investments are valued at fair value in line with IFRS 9⁶.
- Investments in precious metals are valued at fair value.
- Intangible digital assets are valued at fair value.
- Secured loans are fully collateralized by liquid assets and regularly monitored and are measured at amortised cost (notional value for short-term secured loans) and adjusted for any expected credit loss allowance in line with IFRS 9.
- 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.

⁶ Tether Investment Limited (BVI) assets includes private equity and venture capital investments which for the purpose of this report have been conservatively valued at cost unless listed or at the price of the last capital raise. These assets do not form part of the Reserves.



- Other assets and other liabilities are valued at amortised cost (notional value for short-term assets and liabilities) less any expected credit losses.
- 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.

Fiat denominated Tether tokens Reserves report:

- *Reporting Date:* The reporting date is limited to a point in time as of 31 March 2024 at 11:59 PM UTC.
- The Reserves for Tether tokens in circulation amount to US\$ 110,289,406,409.
- The liabilities of the Companies issuing Tether tokens amount to US\$ 104,027,539,692 of which US\$ 104,019,279,735 relates to digital tokens issued⁷.
- **The value of the assets composing the Reserves as at March 31, 2024 exceed the value of the liabilities of the Companies issuing Tether tokens by USD 6,261,866,717.**
- *Key accounting policies:* the policies disclosed above are applicable for the Reserves' reporting.
- *Outstanding Litigation:* At the date stated above, Tether Holdings Limited and its wholly owned subsidiaries are defendants in one ongoing civil litigation proceeding, the outcome of which cannot yet be reasonably reliably estimated by Company's management and its counsel. No provision is recognised in the Consolidated Key Financial Information Report.
- *Asset Breakdown:* At the reporting date, the breakdown of the Reserves backing the fiat-denominated Tether tokens in circulation is as follows:

⁷ The liabilities related to digital tokens issued comprises the amount related to the total digital tokens issued less digital tokens held by the companies issuing Tether tokens (Tether International Limited (BVI) and Tether Limited (HK)) but not in its treasury wallet. Digital tokens in the treasury wallet are authorised but not yet issued and are not considered liabilities. The total gross contractual redemption value related to all digital tokens issued is equal to US\$ 104,388,748,619. The amount related to digital tokens held by the Companies issuing Tether tokens but not in its treasury wallet is equal to US\$ 369,468,884. The digital tokens held by the companies issuing Tether tokens do not form any part of the assets or liabilities of these companies. As per its definition, contractual redemption value of the token takes into consideration the redemption fee of 10 basis points.



Asset Category	Amount in USD
1. Cash & Cash Equivalent & Other Short-Term Deposits	
U.S. Treasury Bills ⁸	74,045,290,303
Overnight Reverse Repurchase Agreements ⁹	11,311,946,813
Term Reverse Repurchase Agreements ¹⁰	838,514,084
Money Market Funds ¹¹	6,279,586,483
Cash & Bank Deposits ¹²	100,264,024
Non-U.S. Treasury Bills ¹³	122,452,086
Subtotal	92,698,053,793
2. Corporate Bonds ¹⁴	25,111,317
3. Precious Metals ¹⁵	3,650,599,989
4. Bitcoin ¹⁶	5,374,726,904
5. Other Investments ¹⁷	3,805,605,037
6. Secured Loans ¹⁸	4,735,309,369
Total (1+2+3+4+5+6)	110,289,406,409

⁸ The “U.S. Treasury Bills” category comprises U.S. Treasury Bills with a residual average maturity of less than 90 days.

⁹ The “Overnight Reverse-Repurchase Agreements” category comprises Reverse-Repurchase Agreements with a maturity of 1 day fully collateralized by US Treasuries, where the ultimate issuer or guarantor has a rating of A-2.

¹⁰ The “Term Reverse-Repurchase Agreements” category comprises fully collateralized Reverse-Repurchase Agreements with a residual average maturity of less than 90 days, where the ultimate issuer or guarantor has a rating of A-2.

¹¹ The “Money Market Funds” category comprises funds investing in highly liquid, short-term money market instruments, including but not limited to deposits, treasury bills, and reverse-repurchase agreements.

¹² The “Cash & Bank Deposits” category comprises cash deposits at financial institutions.

¹³ The “Non-U.S. Treasury Bills” have a residual average maturity of less than 250 days.

¹⁴ The “Corporate Bonds” have a residual average maturity of less than 150 days.

¹⁵ The “Precious Metals” category comprises LBMA standard physical gold bars owned by the Tether International Limited (BVI). It does not include gold whose ownership is represented by Tether Gold tokens (XAUt) owned by third parties, further details of which are provided below.

¹⁶ The “Bitcoin” category comprises Bitcoins held on-chain in wallets controlled by the Tether International Limited (BVI). The value of Bitcoin has been calculated using BTC price USD 71,326 on 31st of March 2024 at 11:59 PM UTC.

¹⁷ The “Other Investments” category comprises other investments within the Reserves that do not meet any of the criteria set out in the other categories.

¹⁸ The “Secured Loans” category comprises loans over-collateralized by liquid assets subject to margin call and liquidation mechanisms.



- *Cash and Cash Equivalent & other short term deposits:*

At the reporting date, the amount of US treasuries in which Money Market Funds are invested (indirect exposure) is as follows:

<i>US dollars</i>	Fair value	Fair value of the US Treasuries bills indirect exposure
Money Market Funds	6,279,586,483	5,538,999,383

At the reporting date, the amount of US treasuries provided to the Group as collateral for the Overnight Reverse Repurchase Agreement activity, is as follows:

<i>US dollars</i>	Fair value	Fair value of the US Treasuries Collateralizing the exposure ¹⁹
Overnight Reverse Repurchase Agreement	11,311,946,813	11,288,959,024

Other Information

- *Risks Associated with Digital Tokens:* The digital tokens issued by Tether International Limited and Tether Limited 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. TG Commodities Limited, being a member of the Group, is the issuer of the XAU₯ tokens and the representative of the token

¹⁹ Overnight Reverse Repurchase agreements are marked to market every morning, with adjustment to collateral as needed. Any difference is due to intraday movements in collateral value.



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.²⁰

Authorised and approved by the Board of Directors on 30 April 2024 and signed on behalf of the Board of Directors by JL van der Velde, as director:

JL van der Velde

²⁰ At the reporting date, there are 246,524.33 XAU ₯ tokens that have been issued, 179,845.43 of which have been sold and 66,678.90 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\$401,031,926. The fair market value of the gold held by the custodian for XAU ₯ tokens ready for sale is equal to US\$148,685,282.



Notes to the Consolidated Key Financial Report

(no assurance provided by the independent auditor on these notes)

1. Responsibilities of Management:

Management is responsible for the preparation and fair presentation of this Consolidated Key Financial 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 Islands 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 15 discrete blockchains,²¹ 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. The use of fiat-denominated 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/>. 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>.

²¹ Tether tokens are currently issued on the Ethereum, Tron, EOS, Liquid, Algorand, SLP, Solana, Avalanche, Tezos, Near, Kusama Asset Hub, Omni layer (Bitcoin), Polkadot Asset Hub, Cosmos and Celo blockchains. Tether has announced plans to discontinue support for the Kusama, Bitcoin Cash SLP, and Omni layer (Bitcoin) blockchains.