

INDEPENDENT ACCOUNTANT'S REPORT**To the Board of Directors and Management
Tether Holdings Limited**

We have examined the assertions by the management of Tether Holdings Limited that its Consolidated Reserves Report as of 31 March 2021 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 Tether Holdings Limited group as of 31 March 2021 at 11:59 PM UTC, is presented in accordance with the criteria set out therein and is, in all material respects, fairly stated.

Our findings as of 31 March 2021, at 11:59 PM UTC are:

- Consolidated total assets amount to at least USD 41,017,565,708.
- Consolidated total liabilities amount to USD 40,868,295,798 of which USD 40,855,204,950 relates to digital tokens issued.
- The group's consolidated assets exceed its consolidated liabilities.
- The group's 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 Tether Holdings Limited 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 management of Tether Holdings Limited 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 2021, 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.

Tether Holdings Limited's management is responsible for its assertions in its CRR that relate to Tether Holding Limited's 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 Tether Holdings Limited 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.

Emphasis of Matter

As described in the accompanying CRR:

- The reporting date is limited to a point in time as of 31 March 2021 at 11:59 PM UTC.
- At the reporting date, Tether Holdings Limited is the defendant in two ongoing legal cases, the outcome of which cannot yet be reasonably reliably estimated by management, and any contingent liability has not been accrued.
- Management's accounting policy is to value assets and liabilities at historic cost plus any accrued interest and less any expected credit losses, or otherwise the redemption value where applicable. The realisable value of these assets and liabilities could be materially different if any key custodian or counterparty incurs credit losses or substantial illiquidity.
- The digital assets issued by the Tether Holdings Limited group of companies 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 Tether Holding Limited group, should firstly inform themselves of the general risks and uncertainties, including evolving legal and regulatory requirements.

Our opinion is not modified in respect of these matters.

Moore Cayman

27 April 2021



APPENDIX 1

Consolidated Reserves Report (the “CRR”)

Prepared by Tether Holdings Limited

As of 31 March 2021, at 11:59 UTC



CONSOLIDATED RESERVES REPORT

The Management of Tether Holdings Limited (the “Company”) asserts the following as of 31 March 2021 at 11:59 PM UTC:

- Consolidated total assets amount to at least US\$41,017,565,708.
- Consolidated total liabilities amount to US\$40,868,295,798, of which US\$40,855,204,950 relates to digital tokens issued.¹
- The consolidated group’s consolidated assets exceed its consolidated liabilities.
- The consolidated group’s reserves held for the digital tokens issued exceeds the amount required to redeem the digital tokens issued.

MANAGEMENT’S KEY ACCOUNTING POLICIES:

- Digital assets—save and except for the consolidated group’s digital tokens issued—are valued at the lower of cost or fair market value.
- Gold is valued at fair market value.
- Other assets and liabilities are valued at cost plus any accrued interest or, otherwise, the redemption value, where applicable.
- This report includes financial information for and in respect of the Company and its wholly-owned subsidiaries in the British Virgin Islands and Hong Kong.

OTHER INFORMATION:

- *Reporting Date:* The reporting date is limited to a point in time as of 31 March 2021 at 11:59 PM UTC.
- *Outstanding Litigation:* At the reporting date, the Company and/or members of the consolidated group are defendants in two ongoing civil litigation proceedings, the outcomes of which cannot yet be reasonably reliably estimated by management. Any contingent liability in respect of these proceedings has not been accrued.
- *Risks Associated with Digital Tokens:* The digital tokens issued by the consolidated 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 consolidated 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/>.

¹ The consolidated 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.

- *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 consolidated 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 consolidated 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 consolidated group's asset reserves.²

Authorised and approved by the Board of Directors on 27 April 2021 and signed by:



JL van der Velde

² At the reporting date, there are 85,417.331000 XAU₯ tokens that have been issued, 79,648.119300 of which have been sold and 5,769.211700 of which are ready for sale. The custodian holds 85,417.331 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\$136,015,890. The fair market value of the gold held by the custodian for XAU₯ tokens ready for sale is equal to US\$9,852,141.



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 2021, at 11:59 UTC

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

1. BACKGROUND INFORMATION:

- 1.1. The Company is a British Virgin Island company. Tether Limited, a member of the consolidated 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 consolidated group make reports to the BVI's Financial Investigation Agency pursuant to applicable law.
- 1.2. 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 8 discreet blockchains,³ all as approved by the consolidated group. The total number of authorised and issued tokens is made publicly available by the consolidated group. All Tether tokens are backed by an equivalent amount of assets held in reserves by the consolidated 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>.

³ Tether tokens are currently issued on the Ethereum, Tron, EOS, Liquid, Algorand, SLP, Solana, and Omni layer (Bitcoin) blockchains.