

**Paxos Issuance MENA Ltd dba Paxos International
Examination of Management Assertions
Lift Dollar (USDL) Token
19 July 2024 and 31 July 2024 at 7:00 PM Eastern Time
With Independent Practitioner's Report**

Paxos Issuance MENA Ltd
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19 July 2024 and 31 July 2024

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INDEPENDENT PRACTITIONER'S REPORT

To,
The Board of Directors
Paxos Issuance MENA Ltd
Abu Dhabi Global Market
Abu Dhabi, United Arab Emirates

Purpose of the Report

In accordance with the requirements of the Financial Services Regulatory Authority (the "FSRA") of Abu Dhabi Global Market (the "ADGM"), we have carried out a reasonable assurance engagement over the management's "Redemption Assets Report" as of 19 July 2024 and 31 July 2024 at 7:00 pm Eastern Time ("ET") (collectively, the "Report Dates and Times") of the Paxos Issuance MENA Ltd (the "Engaging Party"/ the "Company"). We have examined the below assertions as defined by the management of the Company (the "Assertions"), which are summarized, as follows:

- The Redemption Assets Report refers to the supply of Lift Dollar tokens ("USDL") as of 19 July 2024 and 31 July 2024 at 7:00 pm ET. Such USDL in terms of number of tokens held as denoted under contract 0xbdC7c08592Ee4aa51D06C27Ee23D5087D65aDbcD at 18 decimals at 7:00 pm ET on the Report Dates and Times is 8,131,390 and 8,619,455, respectively.
- The Redemption Assets Report refers to the accounts held by the Company at permitted third party custodians approved by the FSRA of the ADGM and debt instruments that are issued by the United States Government. The fair value and amortized cost of the redemption assets is at least equal to or greater than USD 8,131,390 and USD 8,619,455 respectively, at the Report Dates and Times.
- The Redemption Assets Report refers to the Company's holdings as of the Report Dates and Times at 7:00 pm ET, which includes the disclosure of the total fair value and amortized cost of the Company's asset holdings by asset type. Any amounts held in U.S. Treasury Debt include additional disclosures such as Committee on Uniform Securities Identification Procedures (CUSIP) ID and maturity date, as applicable.
- The USDL supply in terms of number of tokens, as represented by management in the Redemption Assets Report, does not exceed the balance of the Redemption Assets reported below.
- The Redemption Assets Report refers to the redemption asset composition which adheres to the guidelines set forth by the FSRA of the ADGM.

Management responsibilities

The Management of the Company is responsible for preparing and presenting the Redemption Assets Report in accordance with the FSRA requirements.

Management is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Redemption Assets Report free from material misstatement, whether due to fraud or error, and selecting and applying appropriate criteria. These responsibilities include the design, implementation, and maintenance of adequate internal controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including evaluation of the suitability of the criteria, adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting books and records, the timely preparation of reliable financial information and compliance with applicable laws and regulations.



**Paxos Issuance MENA Ltd
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Practitioner's responsibilities

Our responsibility is to independently express a reasonable conclusion on the Assertions based on our examination.

Our examination was conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagement Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised").

Quality Management

Our Firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Compliance with Independence and Other Ethical Requirements

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Limitations

Our procedures were limited to the supply of USDL tokens and the related USDL redemption assets, and therefore do not constitute an audit of the Company's financial statements. Our assurance on the Assertions is limited solely to the Redemption Assets Report at the Report Date and Time noted above. Any activity prior to or after the Report Dates and Times at 7:00 pm ET was not considered when testing the Assertions described above.

Further, we have not performed any procedures and therefore do not provide any assurance on the financial or non-financial activity of the Redemption Assets on dates or times other than the Report Dates and Times noted within this report.

We have not audited, reviewed or performed any procedures to provide assurance with respect to the accompanying notes of the Redemption Assets Report for risks and uncertainties related to cryptocurrencies and background information provided by management. Consequently, we do not express an opinion or a conclusion or any other form of assurance with respect to these accompanying notes to the Redemption Assets Report.

We have not performed any examination of the Company's compliance with laws or regulations and its contractual obligations to its clients.

Work done

The procedures selected depend on our professional judgment, including assessing the risks of material misstatement of the Management's Redemption Assets Report, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances. Our engagement included evaluating the Management's assessment that the Redemption Assets Report is in compliance with the FSRA requirements.



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Work done (continued)

The reasonable assurance procedures we performed included:

- Obtaining direct confirmations from the banks and financial institutions for the reserve asset balances.
- Independently trace the number of USDL tokens in circulation to the blockchain information available publicly (for e.g. Etherscan).
- Comparison of reserve assets with USDL tokens in circulation.

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

Conclusion

In our opinion, the Assertions, used by the Engaging Party for preparing the Redemption Assets Report, are fairly stated as of the Report Dates and Times at 7:00 pm ET, in all material respects. Our opinion is based on the information provided to us by the Company and the procedures performed by us on the same for providing a reasonable assurance on the Assertions.

For Crowe Mak LLP
Reg. No. 000002075

A handwritten signature in blue ink, appearing to read "Umesh AN".

Umesh Narayanappa
Partner
Abu Dhabi, U.A.E.
23 August 2024

PAXOS ISSUANCE MENA LTD REDEMPTION ASSETS REPORT

19 July 2024 and 31 July 2024 at 7:00pm ET

Paxos Issuance MENA Ltd (the “Company”) is responsible for the completeness, accuracy, and validity of the Redemption Assets Report as of 19 July 2024 and 31 July 2024 at 7:00 pm ET (the “Report Dates and Times”). The management of the Company asserts that the fair value and amortized cost of the redemption assets held is equal to or greater than USDL in circulation hereby makes the following assertions as of:

<u>Report Dates</u>	<u>19 July 2024</u>	<u>31 July 2024</u>
USDL tokens in circulation	8,131,390	8,619,455
Fair Value of Redemption Assets	\$8,188,672	\$8,672,031
Amortized Cost of Redemption Assets	\$8,190,342	\$8,679,344

The Company’s total fair value of redemption assets, which are greater than or equal to the supply of USDL, are comprised of the following (Notes 3 and 5):

- 19 July 2024 at 7:00 pm ET:

Description	CUSIP	Maturity Date	Fair Value (\$)	Amortized Cost (\$)
U.S. Treasury Bills	912797KX4	08/13/2024	\$1,794,214	\$1,793,409
U.S. Treasury Bills	912797KY2	08/20/2024	\$1,294,492	\$1,293,934
U.S. Treasury Bills	912797KT3	10/10/2024	\$2,668,800	\$2,667,534
Total U.S. Treasury Bills:			\$5,757,506	\$5,754,877
U.S. Government Money Market Funds	G1206E185	N/A	\$2,344,566	\$2,348,865
Total U.S. Government Money Market Funds:			\$2,344,566	\$2,348,865
Total U.S. Dollars Held:			\$86,600	\$86,600
Total of Redemption Assets:			\$8,188,672	\$8,190,342

**PAXOS ISSUANCE MENA LTD
REDEMPTION ASSETS REPORT**

19 July 2024 and 31 July 2024 at 7:00pm ET

- 31 July 2024 at 7:00 pm ET:

Description	CUSIP	Maturity Date	Fair Value (\$)	Amortized Cost (\$)
U.S. Treasury Bills	912797KX4	08/13/2024	\$1,796,832	\$1,796,573
U.S. Treasury Bills	912797KY2	08/20/2024	\$1,296,370	\$1,296,209
U.S. Treasury Bills	912797KT3	10/10/2024	\$2,672,805	\$2,672,228
Total U.S. Treasury Bills:			\$5,766,007	\$5,765,010
U.S. Government Money Market Funds	G1206E185	N/A	\$2,344,566	\$2,352,876
Total U.S. Government Money Market Funds:			\$2,344,566	\$2,352,876
Total U.S. Dollars Held:			561,458	561,458
Total of Redemption Assets:			\$8,672,031	\$8,679,344

NOTES:

1. The supply of Lift Dollar tokens (“USDL”) as denoted under contract 0xbdC7c08592Ee4aa51D06C27Ee23D5087D65aDbcD at 18 decimals at the Report Dates and Times is 8,131,390 and 8,619,455.
2. This Redemption Assets Report refers to the accounts held by the Company at permitted custodians where cash is held and debt instruments that are issued by the United States Government. The fair value and amortized cost of the redemption assets is at least equal to or greater than USD 8,131,390 and USD 8,619,455 respectively, at the Report Dates and Times.
3. This Redemption Assets Report refers to the Company’s holdings as of the Report Dates and Times at 7:00 pm ET, which includes the disclosure of the total fair value and amortized cost of the Company’s asset holdings by asset type as reported above. Any amounts held in U.S. Treasury Debt include additional disclosures such as CUSIP and maturity date, as applicable.
4. The USDL supply does not exceed the balance of the Redemption Assets reported above.
5. USDL is a stablecoin that will programmatically pay yield to eligible asset holders and will be redeemable 1:1 with US Dollars.
6. USDL tokens in circulation mentioned above at the Report Dates and Times are inclusive of those tokens which were issued prior to the commencement of operations, for the purposes of testing.

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19 July 2024 and 31 July 2024 at 7:00pm ET

NOTES: (continued)

7. This Redemption Assets Report refers to the redemption asset composition, which adheres to the guidelines as set forth by the Financial Services Regulatory Authority ("FSRA") of the Abu Dhabi Global Market ("ADGM")

To the best of the knowledge and belief of the undersigned, the information contained in the Redemption Assets Report as of the Report Dates and Times at 7:00pm ET is accurate and complete.

For **Paxos Issuance MENA Ltd**

DocuSigned by:



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Ms. Charlotte Nedir

Senior Executive Officer

Date: 23 August 2024

PAXOS ISSUANCE MENA LTD

Notes to the Redemption Assets Report

19 July 2024 and 31 July 2024 at 7:00pm ET
(No Assurance provided by the Independent Practitioner on these Notes)

1. BACKGROUND INFORMATION PROVIDED BY PAXOS ISSUANCE MENA LTD

Paxos Issuance Mena Ltd (the "Company") was incorporated on 16 January 2024 as a Private Company Limited by Shares. It operates in the United Arab Emirates under a license issued by Abu Dhabi Global Market Authority (ADGM) under the registration number 16410. The Company is regulated by the Financial Services Regulatory Authority (FSRA) of the ADGM.

The Lift Dollar token ("USDL") is a cryptographic token, which allows financial market participants to transact in a crypto asset that has been pegged 1:1 to the U.S. dollar by the Company. USDL is a yield-bearing stablecoin that distributes the yield generated by reserve assets directly to eligible token holders. Yield is distributed to stablecoin holders via a rebasing mechanism, which periodically increases the tokens circulating supply based on the rate of return on reserves. Rebasing occurs without any action needed from token holders. The Company maintains the redemption assets securing USDL in segregated accounts that are unencumbered and held on behalf of USDL holders in one or more of the following forms: (i) fiat currency held in bank accounts; (ii) (a) investments (including through overcollateralized overnight reverse repurchase agreements) in debt instruments that are issued by the United States Government; and/or (b) money-market funds composed of such debt instruments. Amounts backed by debt instruments that are expressly guaranteed by the full faith and credit of the United States Government are subject to market pricing risk. Fiat deposits held at insured depository institutions may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. USDL is an ERC-20 token, which is built on the Ethereum public blockchain and as such, the total number of USDL tokens in circulation is always fully and transparently viewable by anyone through any publicly available Ethereum block explorer (e.g. Etherscan).

2. DISCUSSIONS RELATED TO CRYPTO ASSETS

As of the date of this report, crypto assets remain an evolving area of technology and marketplace activity. Those who choose to invest in crypto assets should inform themselves of the general risks and uncertainties associated with such assets.

a. Ownership of Crypto assets:

Crypto assets are owned anonymously. While the public keys of virtual wallets holding crypto assets reside on the distributed networks and can be viewed publicly, the ownership of the wallets is normally not registered and therefore, anonymous. Ownership of crypto assets is evidenced primarily by the possession of the underlying private key (e.g. passcode). The possessor of the private key controls the corresponding crypto asset wallet.

b. Risk of irreversible transactions:

Transactions for most crypto assets that occur over the blockchain are generally irreversible, even if such transactions occur fraudulently or accidentally. If a private key is lost or fraudulently used, the crypto assets in the corresponding wallet may not be recoverable.

c. Regulatory uncertainty:

Legislative and regulatory changes or actions may change or affect the use, transfer, exchange, and value of crypto assets. The effects of any such changes are not determinable as of the date of this report.