OANDA CORPORATION

Consolidated Statement of Financial Condition

December 31, 2023
(expressed in US dollars)

(with Report of Independent Registered Public Accounting Firm thereon)

Ernst & Young LLP
EY Tower
100 Adelaide Street West, PO Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

Report of independent registered public accounting firm

To the Stockholder and Board of Directors of
OANDA Corporation

Opinion on the consolidated financial statement

We have audited the accompanying consolidated statement of financial position of **OANDA Corporation** and its subsidiary [the "Company"] as of December 31, 2023 and the related notes [the "consolidated financial statement"]. In our opinion, the consolidated financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for opinion

This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ["PCAOB"] and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Critical audit matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that [i] relates to accounts or disclosures that are material to the consolidated financial statements and [ii] involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Uncertain tax positions

As described in notes 4, 9, 11 to the consolidated financial statements, the Company operates in a complex multinational tax environment. The Company has numerous global related parties and conducts transactions with related parties, most of which are governed by transfer pricing policies. Certain assumptions and judgments have been used in developing these policies. These policies are subject to review by tax authorities, which may result in tax adjustments.

The principal considerations for our determination that performing procedures relating to uncertain tax positions is a critical audit matter are [i] the significant judgment by management when determining the probable outcome of tax assessments and the amounts recorded for uncertain tax positions, which include a high degree of estimation uncertainty; [ii] a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's timely identification and accurate measurement of uncertain tax positions; [iii] the evaluation of audit evidence available to support the tax liabilities for uncertain tax positions is complex and resulted in significant auditor judgment as the nature of the evidence may be subjective; and [iv] the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, testing the information used in the amounts recorded for uncertain tax positions, including intercompany agreements, testing management's assessment of the technical merits of transfer pricing policies, and testing the completeness of management's assessment of both the identification of uncertain tax positions and possible outcomes of each uncertain tax position. Professionals with specialized skill and knowledge assisted in the evaluation of assumptions and judgments used in developing the transfer pricing policies and in assessing the completeness and measurement of the Company's uncertain tax positions.

We have served as the Company's auditor since 2023.

Ernst & Young LLP

Toronto, Canada
February 29, 2024

OANDA CORPORATION
Consolidated Statement of Financial Condition

As of December 31, 2023

(expressed in US dollars)

	2023 $
Assets	
Cash and cash equivalents (note 5)	210,518,670
Due from brokers (note 6)	21,777,960
Due from related parties (note 9)	2,564,264
Income taxes receivable (note 11)	704,425
Other assets (note 10)	4,425,866
Property and equipment, net (note 7)	750,728
Right-of-use asset (note 13)	118,246
Intangible assets, net (note 8)	6,255,994
	247,116,153
Liabilities	
Amounts due to customers (note 6)	172,630,300
Accounts payable and accrued expenses	3,283,391
Due to related parties (note 9)	1,481,286
Lease liability (note 13)	128,429
Deferred income taxes (note 11)	1,723,712
	179,247,118
Stockholder's Equity	
Common stock ($0.01 par value, 1,000 shares, authorized, issued and outstanding) (Note 14)	10
Additional paid-in capital	58,771,877
Retained earnings	9,202,958
Accumulated other comprehensive loss	(105,810)
	67,869,035
Total Liabilities and Stockholder's Equity	247,116,153

See accompanying notes, which are an integral part of this consolidated financial statement.

On behalf of the Board:

Gavin Bambury Gavin Bambury Director

Jessica Beckstead Jessica Beckstead Director

Kevin Ryan Kevin Ryan Director

(expressed in US dollars)

1 Nature of business

OANDA Corporation (the "Company"), a Delaware corporation incorporated on November 14, 1996, is a global provider of foreign exchange and online trading services. The Company is a wholly owned subsidiary of OANDA Global Corporation ("OGC" or "Parent"). OGC, a Delaware corporation, is wholly owned by CVC Capital Partners (CVC) Asia Pacific IV LP (Fund IV), which is a private equity fund domiciled in Jersey, Channel Islands, that is managed by CVC Capital Partners SICAV-FIS S.A. (CVC).

The Company's principal business activity is online foreign exchange trading services. The Company is a registered Futures Commission Merchant with the Commodity Futures Trading Commission and a member of the National Futures Association. The Company's affiliates that offer foreign exchange, metal and CFD trading outside of the United States are all registered with a relevant regulator in the jurisdiction in which they operate.

The Company's principal sources of revenues are as follows:

- Trading revenue

  The Company provides online margin trading focused primarily on over-the-counter foreign exchange trading for speculative or investment purposes. Trading is conducted through the Company's proprietary online platform, a fully automated trading platform in which the Company fulfills the role of market-maker. Customers are required to post collateral to support their trading on margin in the normal course.

  Net interest revenue, included as part of trading revenue, consists of the revenue generated from interest charges or credits on open trades with customers and liquidity providers.

  The Company economically hedges its trading exposure with major financial institutions, as considered appropriate for certain of its customer trading positions, to unmatched trades in foreign exchange to ensure that it is not unacceptably exposed to material losses based on analysis performed by the Company.

  The Company is not subject to the segregation requirements for customers' deposits on U.S. commodity exchanges pursuant to Section 6d(a)(2) under the *Commodity Exchange Act* ("CEA"), or to the requirements of Regulation 30.7 under the CEA for foreign futures and foreign options customers.

- Service revenue

  The Company entered into service agreements with its related parties to provide business consulting services, which include management services and other corporate functions performed on behalf of and for the benefit of these related entities. Under these agreements, the Company charges a service fee to each related entity on a cost plus basis. Revenue is recognized as the services are performed.

- Interest income

  Interest income includes interest revenue received from bank accounts and on collateral balance held with liquidity providers. Interest is recognized as it is earned.

- Other revenue

  Other revenue includes inactivity fees charged on the customer account balances. Inactivity fees are recognized once an account is inactive for a period of at least 12 months.

(expressed in US dollars)

The Company entered into an agreement with its affiliate, OANDA Business Information & Services Inc to provide exchange rate subscription services. This agreement is titled “OANDA Rate Subscription Agreement-Distribution Option.” Under this agreement, the Company charges a subscription fee to OANDA Business Information & Services Inc to use its exchange rates services. Revenue is recognized as subscription services are performed.

In July 2022, the Company entered into an agreement with a blockchain infrastructure platform, Paxos Trust Company LLC (“Paxos”), a New York limited purpose trust company regulated by the New York Department of Financial Services. Under the terms of this agreement, customers of the Company are able to enter into bilateral relationships with Paxos and to open an account with Paxos through the OANDA app, becoming customers of Paxos. Such Paxos customers are able to trade certain cryptocurrencies on a spot basis on Paxos’ ItBit exchange. The Company earns commissions, which are recorded when the related trade with Paxos occurs and are calculated as a percentage of the value of the trade. The Company also pays a fee to Paxos for this service.

2 Recently adopted accounting pronouncements

The Company monitors new accounting standards, amendments to standards and interpretations, which are relevant to the Company. There were no new accounting standards that have been adopted by the Company for the year ended December 31, 2023.

3 Recently issued FASB Accounting Standard Codification updates

In December 2023, FASB issued ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update requires additional information on rate reconciliation and income taxes paid which enhances the usefulness of the tax disclosures. This update is effective for fiscal years beginning after December 15,2025. The Company is currently assessing the impact of ASU 2023-09 on its consolidated financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4 Significant accounting policies

- Basis of presentation

The Company's consolidated statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. The statement of financial condition is prepared for the purpose of complying with the NFA’s rule 2-36(n)(vii) regarding the public disclosure of the Company’s statement of financial condition and all related footnotes that are part of the Forex Dealer Member’s most current certified annual report pursuant to CFTC Regulation 1.16. These do not comprise a complete set of financial statements. A complete set of financial statements prepared in accordance with the U.S. GAAP has been separately prepared and issued by the Company.

(expressed in US dollars)

- Basis of consolidation

  The consolidated statement of financial condition includes the accounts of the Company and its wholly owned subsidiary, OANDA India Private Limited, for the full year ended December 31, 2023. All intercompany balances and transactions are eliminated on application of consolidation principles.

- Use of estimates

  The preparation of the consolidated financial statement in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statement.

  In preparing the consolidated statement of financial condition, significant estimates made by management include the following:

  - internally developed foreign exchange rates;
  - incremental rate of borrowing used to determine the value of the right-of-use asset and lease liability;
  - provision for income taxes, inclusive of existence and assessment of uncertain tax exposures;
  - assessing the useful lives and existence of potential indicators of impairment related to property and equipment and intangible assets; and
  - the determination of transfer pricing policies within the affiliated group and any related uncertain tax positions. The Company conducts a number of transactions with related parties throughout the year, most of which are governed by transfer pricing policies adopted by OGC to ensure that the prices charged in such transactions are those that management, in its estimation, would be consistent between arm's length parties. Certain assumptions and judgement have been used in developing these policies and there is a high degree of estimation uncertainty associated with these assumptions and judgements. These policies are subject to review by tax authorities, which may result in tax adjustments. Management believes that its transfer pricing policy is appropriate based on its assessment of relevant factors and in line with OECD guidelines.

  Estimates, by their nature, are based on judgement and available information. Actual results could differ from those estimates and could have a material impact on the consolidated financial statements.

- Revenue recognition

  The Company generates revenue through licensing to use its exchange rates, business consulting services and foreign exchange margin trading.

(expressed in US dollars)

- Service revenue

  Service revenue is recognized when the services have been performed, evidence of an arrangement exists between the parties, the price for the services is fixed and determinable, and collection is reasonably assured.

- Trading revenue, net

  Trading revenue, net represents foreign exchange trade execution for the Company's customers. Realized gains and losses from closed or liquidated trades are calculated using the specific identification method. Unrealized gains and losses on open trades are calculated using the prevailing midpoint spot rate of exchange on the reporting date and are included in amounts due to customers.

  Trading revenue also includes realized and unrealized gains and losses from the Company's closed and open positions with its liquidity providers, net of realized and unrealized gains and losses on customers' closed and open positions with the Company, and interest earned by or charged to customers, net of interest earned or charged to the Company by its liquidity providers. Interest earned by or charged to customers is calculated on a daily basis and recorded when earned or incurred.

  Trading revenue is also net of sales incentives and rebates offered to customers in the form of cash or credits to a customer's trading account as the Company generally does not meet the conditions for expense classification, namely that the identified benefit to the Company is not sufficiently separable from a customer's trading activities and the Company cannot reasonably estimate the fair value of the aforementioned benefit. The Company started to offer a new incentive in the form of credit to an eligible customer's trading account for the interest earned on unused margin.

  Spot currency trades or transactions with financial institutions are entered into in the normal course of business in order to hedge market exposures resulting from transactions with customers. Such currency contracts are carried at fair market value.

- Interest income

  Interest income consists of interest earned on cash and cash equivalents and is recognized in the period earned.

- Other revenue

  Other revenue includes inactivity fees charged on the customer account balances on accounts that are inactive for at least 12 months.

  The Company has entered into an agreement with its affiliate, OANDA Business Information & Services Inc., to provide rights and license to use certain exchange rates. The revenue is realized as the services are performed.

  Other revenue also includes commissions earned, which are recorded when the related trade with Paxos occurs and are calculated as a percentage of the value of the trade. The Company also pays a fee to Paxos for this service, which is netted with the commissions earned.

(expressed in US dollars)

- Stock-based compensation

  Subsequent to CVC's acquisition of OGC in 2018, Plutus Investment US L.P. ("Plutus"), an entity controlled by CVC and the parent entity of Plutus Investment Holdings Inc., introduced a management incentive plan for certain employees of the Company. Plutus granted share-based awards in the form of units as part of a group share-based payment arrangement. As a result, the Company is a member of a group whose employees, or grant recipients, meet the definition of an employee of an entity in the group. Accordingly, the awards granted by OGC and Plutus to the Company's employees are accounted for using employee accounting in these subsidiary financial statements. These units have been equity classified and certain units contain vesting conditions that are dependent upon the achievement of both service and market conditions in the future. Stock-based compensation expense related to the issuance or grant of these awards has been recorded with a corresponding credit to equity, representing a capital contribution from Plutus for each of their respective share-based payment arrangements with the Company's employees.

  Stock-based compensation is accounted for using the fair value method, which requires the measurement and recognition of compensation cost attributable to the issuance or grant of share-based payment awards to be based on their estimated fair values. The Company determines the estimated fair value of share-based payments on their grant date and records this amount as compensation expense over the vesting period, if any, with a corresponding increase in equity.

- Foreign currency translation

  The Company's functional and presentation currency is the U.S. dollar. Foreign-denominated assets and liabilities are translated into U.S. dollars at exchange rates at the date of the Consolidated Statement of Financial Condition.

- Income taxes

  Income taxes are accounted for using the asset and liability method, which requires the recognition of deferred tax assets and liabilities on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

  Deferred tax is calculated at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the Consolidated Statement of Financial condition date. A valuation allowance is recorded against deferred tax assets if it is not more likely than not that such assets will be realized.

  Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxing authority on the same taxable entity, or on different tax entities if the Company intends to settle current tax liabilities and assets on a net basis.

  Uncertain tax liabilities are recorded using a two-step process in which 1) the Company determines whether a tax position is more likely than not to be sustained upon examination based upon the technical merits of the position and 2) for those tax positions that meet the more-likely-than-not threshold, the Company recognizes the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

(expressed in US dollars)

A deferred tax asset is recognized for unused tax losses, tax credits, and other deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company operates under a permanent reinvestment strategy, under which earnings derived from foreign affiliated businesses remain invested in the Company’s foreign subsidiaries. The Company does not recognize U.S. domestic tax expense related to the permanently reinvested earnings. The Company has no plans to repatriate accumulated unremitted earnings as of December 31, 2023.

- Fair value measurements

The Company records certain financial assets and liabilities at fair value. Fair value is defined at the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value measurement establishes a three-level hierarchy that prioritizes the inputs used to measure fair value.

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity.

As of December 31, 2023, the Company's derivative assets and liabilities are classified as Level 1 (note 6). Other financial assets and liabilities, including cash and cash equivalents, accounts receivable, amounts due to customers, and accounts payable and accrued expenses, are recorded at amortized cost, which approximates fair value due to the short-term nature of these instruments and related maturities.

As of December 31, 2023, the Company did not have any Level 3 financial assets or liabilities.

- Business concentrations and credit risks

Financial instruments, which subject the Company to concentrations of credit risk, consist primarily of cash, due from brokers, due from related parties and receivables included under other assets. The carrying amounts of these financial instruments approximate fair values due to their short-term nature. The Company maintains cash and cash equivalents with various financial institutions.

- Property and equipment, net

Property and equipment are recorded at cost net of accumulated depreciation. Additions and improvements that extend the life of an asset are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 or 7 years

(expressed in US dollars)

Furniture and fixtures	3 years

The Company evaluates the potential impairment of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company recognizes an impairment loss, when and if necessary, by recording a reduction in the carrying value of the asset should the carrying amount of the asset exceeds its fair value based on anticipated undiscounted cash flows.

- Intangible assets, net

Intangible assets, net, include software developed for internal use. Intangible assets other than goodwill are amortized over their estimated useful lives unless their lives are determined to be indefinite. If the assets are determined to have a finite life in the future, the Company will amortize the carrying value over the remaining estimated useful life at that time. The estimated useful life of internal-use software and software developed for sale is 3-10 years depending on its nature and intended use.

For the finite-lived intangible assets subject to amortization, impairment is considered upon the occurrence of certain "triggering events" and is recognized if the carrying amount is not recoverable and exceeds the fair value of the intangible asset.

- Amounts due to customers

Amounts due to customers include amounts received from customers as margin, net of withdrawals by customers, interest earned on customer funds held net of charges, unrealized gains and losses on customers' open positions, as well as gains and losses on closed positions. The fair value of customers' open positions, recognized as unrealized gains and losses, is determined based upon midpoint spot rate of exchange at year-end.

- Amounts due from broker

Amounts due from brokers represent the cash margin amounts deposited with the Company's financial institutions and gains and losses on unsettled spot currency trades that the Company has with financial institutions. The amounts due from broker are carried at fair value based on midpoint market price quotations obtained from independent pricing sources. The Company has master netting agreements with its respective counterparties, which allows the Company to present due from brokers on a net-by-counterparty basis.

(expressed in US dollars)

5 Cash and cash equivalents

As at December 31, 2023, cash and cash equivalents included the following:

- $11,447,535 deposited in various trading and operating bank accounts to fund ongoing operations of the Company; and

- $199,071,135 of client liability balance that includes cash deposited in bank accounts by clients. The Company records a liability in connection with this amount that is included in amounts due to customers in the Consolidated Statement of Financial Condition.

6 Derivatives

Due from broker, net in the Consolidated Statement of Financial Condition includes a gain of $1,480,054 and a loss of ($83,132) in unsettled spot currency trades, included as part of trading revenue, that the Company has open through its arrangements with financial institutions, for which the Company provided collateral of $20,381,038. The foreign currency spot contracts are classified as Level 1 instruments in the fair value hierarchy.

Amounts due to customers, net in the Consolidated Statement of Financial Condition includes a gain of $29,969,980 and a loss of ($3,529,144) in unsettled spot currency trades, included as part of trading revenue, that the Company has open with its customers, for which the Company has received a collateral of $199,071,135.

The following table presents the fair values of the Company's derivative transactions and the related offsetting amount as of December 31, 2023 reported within due from brokers and amounts due to customers on the Consolidated Statement of Financial Condition. Derivative assets and liabilities are net of counterparty and collateral offsets. Collateral offsets include cash margin amounts posted with brokers and cash collateral received from its customers. The Company has master netting agreements with its respective counterparties. The net amount is included in due from brokers on the Consolidated Statement of Financial Condition.

	Gross amounts of assets for derivative open positions at fair value $	Gross amounts of (liabilities)for derivative open positions at fair value $	Net amounts of assets/ (liabilities) for derivative open positions at fair value $
Derivative instruments held with broker	1,480,054	(83,132)	1,396,922
Derivative instruments held with customer	29,969,980	(3,529,144)	26,440,836

(expressed in US dollars)

The Company's derivative instruments held at December 31, 2023 relate to spot currency contracts.

	Cash collateral provided $	Net amounts of assets/ (liabilities) for open positions at fair value $	Net amounts of assets/ (liabilities) presented in the statement of financial condition $
Due from broker	20,381,038	1,396,922	21,777,960
Amounts due to customers	(199,071,135)	26,440,835	(172,630,300)

Due from broker	**Gross $**	**Amounts offset $**	**Net $**	**Collateral (received)/pledged $**	**Net $**
Derivative assets	1,480,054	(83,132)	1,396,922	-	1,396,922
Derivative liabilities	(83,132)	83,132	-	20,381,038	20,381,038
Total	1,396,922	-	1,396,922	20,381,038	21,777,960

	Total contracts in long positions $	Total contracts in short positions $
Derivative instruments held	811,123,159	950,850,686

7 Property and equipment, net

	Computer Equipment	Furniture	2023 $
Gross, Jan 1, 2023	7,440,395	63,429	7,503,824
Additions	555,429	-	555,429
Gross, Dec 31, 2023	7,995,824	63,429	8,059,253
Less accumulated depreciation	(7,255,257)	(53,268)	(7,308,525)
Net, Dec 31, 2023	740,567	10,161	750,728

(expressed in US dollars)

8 Intangible assets, net

	Internal use software	2023 $
Gross, Jan 1, 2023	9,338,350	9,338,350
Additions	3,155,585	3,155,585
Gross, Dec 31, 2023	12,493,935	12,493,935
Less accumulated depreciation	(6,237,941)	(6,237,941)
Net, Dec 31, 2023	6,255,994	6,255,994

9 Related party transactions and balances

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA (Canada) Corporation ULC ("OANDA Canada"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Canada. The Company also provided systems integration and technology services to OANDA Canada. OANDA Canada's business consulting and systems integration and technology groups provided services to the Company in return for fees on a cost-plus reasonable margin basis. OANDA Canada's business consulting group provided customer relationship, funds management, accounts administration, compliance, trading, product management, executive management, finance, human resources, sales and marketing services. OANDA Canada's systems integration and technology group provided solutions that span the entire software life cycle, including consulting, design, development, maintenance, systems integration and implementation and infrastructure management services.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Asia Pacific PTE. Ltd. ("OANDA Asia"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Asia. The Company also provided systems integration and technology services to OANDA Asia. OANDA Asia also provides customer funds management and support services to the Company for fees on a cost-plus reasonable margin basis.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Europe Limited ("OANDA Europe"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Europe. The Company also provided systems integration and technology services to OANDA Europe. OANDA Europe also provides executive management, compliance, finance, trading, product management and marketing services to the Company for fees on a cost-plus reasonable margin basis.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Australia Pty Ltd. ("OANDA Australia"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Australia. The Company also provided systems integration and technology services to OANDA Australia. OANDA Australia also provides systems integration and technology services to the Company for fees on a cost-plus reasonable margin basis.

(expressed in US dollars)

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Japan Inc. ("OANDA Japan"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Japan. The Company also provided systems integration and technology services to OANDA Japan.

In return for fees on a cost-plus reasonable margin basis, OANDA Poland sp. Z.O.O. ("OANDA Poland") provided business consulting services to the Company. OANDA Poland provides finance, onboarding, marketing, system integration and technology services to the Company on a cost-plus reasonable margin basis.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Global Markets Limited ("OANDA Global Markets"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Global Markets. The Company also provided systems integration and technology services to OANDA Global Markets.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Europe Markets Limited ("OANDA Europe Markets"). During the year, the Company's business consulting group provided executive management, legal and marketing services to OANDA Europe Markets. The Company also provided systems integration and technology services to OANDA Europe Markets. OANDA Europe Markets also provides executive management services to the Company for fees on a cost-plus reasonable margin basis.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided systems integration and technology services to OANDA TMS Brokers S.A. ("OTMS"). OTMS also provides risk management, technology and marketing services to the Company for fees on a cost-plus reasonable margin basis.

In return for fees on a cost-plus reasonable margin basis, the business consulting group of OANDA Malta Holdings Ltd provided finance services to the Company.

The Company entered into an exchange rate subscription agreement with OANDA Business Information & Services Inc. on August 1, 2020. Under this agreement the Company provides the exchange rate subscription service to OANDA Business Information & Services Inc.

As at December 31, 2023, the Company had a payable to its Parent for $88,115 in relation to operating expenses paid by the Parent. This amount is included in due to related parties in the Consolidated Statement of Financial Condition.

(expressed in US dollars)

Amounts due from related parties as at December 31, 2023 are:

	Due from related parties	**Due to related parties**	**2023 $ Net amount**
OANDA Asia	666,829	(35,605)	631,224
OANDA Australia	365,502	(10,054)	355,448
OANDA Markets Europa	1,515	-	1,515
OANDA Europe Markets	187,911	-	187,911
OANDA Business Information	6,382	(98)	6,284
OANDA Canada	654,504	(574,216)	80,288
OANDA Malta Holdings Ltd	68,514	(5,354)	63,160
OTMS	1,100,994	(14,410)	1,086,584
OANDA Labs	145,684	-	145,684
OANDA Coinpass	1,799	-	1,799
OANDA Canada Services	4,367	-	4,367
Total	3,204,001	(639,737)	2,564,264

Amounts due to related parties as at December 31, 2023 are:

	Due from related parties	**Due to related parties**	**2023 $ Net amount**
OANDA Europe	94,741	(395,891)	(301,150)
OANDA Japan	109,095	(626,927)	(517,832)
OANDA Global Corporation	55,683	(143,798)	(88,115)
OANDA Poland	27,555	(312,913)	(285,358)
OANDA Global Markets	409,894	(659,526)	(249,632)
OANDA Belgium	1,419	(40,618)	(39,199)
Total	698,387	(2,179,673)	(1,481,286)

10 Other assets

The other assets balance in the Consolidated Statement of Financial Condition consists of the following:

	2023 $
Prepaid expenses	3,482,843
Security deposits with payment processor and vendors	48,209
Payment processor receivable	324,982
Due from Paxos	143,828
Other	426,004
	4,425,866

(expressed in US dollars)

11 Income taxes

As a U.S. incorporated entity, the Company is subject to U.S. taxation on its worldwide income. The Company's effective income tax rate is primarily a blend of the U.S. federal and state tax rates.

The Company conducted a number of transactions with related parties throughout the year, most of which were governed by transfer pricing policies adopted by OGC to ensure that the prices charged in such transactions are those that management, in its estimation, believes are consistent with prices between arm's length parties. Certain assumptions and judgement have been used in developing these policies. These policies are subject to review by tax authorities, which may cause the actual amount of tax expense to differ from the amount recognized in these consolidated financial statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2023 $
Deferred tax assets:	
Unrealized foreign exchange loss	-
Net operating losses and tax credits	-
Netted against deferred tax liabilities in the same jurisdiction	-
Deferred tax assets	-
Deferred tax liabilities:	
Capital assets	500,660
Intangible assets	385,448
Financial statement reserves	806,919
Unrealized foreign exchange gain	30,685
Deferred tax liabilities	1,723,712
Net deferred tax liabilities	1,723,712

The Company has not recognized a temporary difference associated with investment in its subsidiary as the Company ultimately controls whether the liability will be incurred, and it is satisfied that it will not be incurred in the foreseeable future. The Company determined that it was not practicable to estimate the amount of the unrecognized deferred tax liability due to the complexity of the multi-national tax environment in which the Company operates, inherent intricacies related to the computation of inside/outside basis differences in multiple taxing jurisdictions with differing currencies and tax regulations. The amount of the unrecognized deferred tax liability for temporary differences related to investment in a foreign subsidiary is deemed to be essentially permanent in duration. Dividends declared would be subject to withholding tax at 15%.

The earliest year of expiry for the Company's U.S. foreign tax credits of $1,411,565 is 2024. The Company believes that it is more likely than not that these foreign tax credits will not be realized prior to their expiry. As such, the Company has provided a valuation allowance of $1,411,565. If or when recognized, the tax benefits related to any reversal of the valuation allowance on deferred tax assets as of December 31, 2023 will be recognized as a reduction of income tax expense.

(expressed in US dollars)

The Company and its subsidiary file income tax returns in the U.S., India, and various state jurisdictions.

12 Stock-based compensation

On October 14, 2018, Plutus established a stock-based payment incentive plan for certain employees of the Company. This incentive plan permitted the grant of stock-based payment awards to employees or directors of the Company or OGC and its other related parties. Under the plan, Plutus can grant the following number of units by series; 2,500 series B, 18,589 series C and 9,784 series D. Each group of units contain specific vesting conditions, which may include the sale of OGC and various other non-market vesting conditions, such as time-based vesting and vesting according to the achievement of certain return thresholds by CVC through its investment in Plutus. There are 164,800 series A units outstanding and issued to parties, being primarily CVC, that invested capital in Plutus.

Series B units issued during the period vested immediately on issuance and cannot be cancelled or forfeited. Series B unit holders are not eligible to receive proceeds until all series A holders have received a full return on their capital and debt invested. Series C units contain both time and non-market performance-based vesting conditions. The time-based vesting condition accounts for 30% of the unit award granted and has a five-year term with 20% vesting on the first anniversary date of the grant and 5% quarterly thereafter. The performance-based vesting condition accounts for 70% of the unit award granted and vests based on the achievement of non-market performance conditions that are directly affected by the proceeds and returns arising from a potential sale of Plutus' investment in the Company. Series D units contain performance-based vesting conditions similar to series C but with a higher threshold of conditions to be met.

The fair value of each award is estimated on the date of grant using a Monte-Carlo-based simulation model to determine the future exit value of OGC, related proceeds on sale, and the probability-weighted timing of such an event. The Monte-Carlo model uses assumptions, including projected financial results, volatility, expected life or timing of an exit event, and risk-free rates. Share-based compensation cost is recognized as an expense over the defined and estimated vesting period as the case may be.

The key assumptions used in determining the fair value of share-based payment awards granted by Plutus in 2023 are as follows:

	%
Expected price volatility	*40 – 45*
Risk-free interest rate	*0.29 – 0.75*
Expected forfeiture rate	*24 – 32*

The following tables summarize award activity for each series under the Plutus incentive plan during the year ended December 31, 2023 that relates to the Company's employees.

	2023 $
Series B units	
Outstanding, December 31, 2022	1,845
Issued	-
Outstanding, December 31, 2023	1,845

(expressed in US dollars)

	2023 $
Series C units	
Outstanding, December 31, 2022	1,039.5
Issued	345.0
Cancellations	-
Outstanding, December 31, 2023	1,384.5

	2023 $
Series D units	
Outstanding, December 31, 2022	600
Issued	150
Cancellations	-
Outstanding, December 31, 2023	750

The weighted average estimated fair value of awards granted, in aggregate, under this plan during 2023 was $508.73.

The Company does not recognize a tax benefit related to the incentive plan; consequently, no deferred tax assets are recorded related to the compensation attributable to relevant employees.

13 Leases

The Company entered into a lease agreement on March 14, 2022 to lease its facility, pursuant to a non-cancellable lease agreement that commenced on May 1, 2022 and expires on November 30, 2024.

	2023 $
Right-of-use asset	316,480
Less: Accumulated depreciation	(198,234)
	118,246

The following table is a summary of the Company's operating lease costs for the year ended December 31, 2023:

Operating lease cost	132,655
Term	2.6 years
Discount rate	6%
Short-term lease payments	131,793

(expressed in US dollars)

The future minimum annual lease payments as at December 31, 2023 related to the outstanding lease agreements were as follows:

	2023 **$**
2024	131,793

14 Share capital

	2023 **$**
Authorized and issued:	
$0.01 par value, 1,000 shares	10

15 Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including income and sales tax, customer disputes and other matters. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statement and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to income. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the amount of any loss. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is often not possible to reasonably estimate the size of the possible loss or range of loss. The Company believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

Also, in the normal course of operations, the Company provides indemnifications, which are often standard contractual terms, to counterparties in transactions, such as service agreements, software licenses, leases and purchases of goods. Under these agreements, the Company agrees to indemnify the counterparty against loss or liability arising from the acts or omissions of the Company in relation to the agreement or other costs. The nature of the indemnifications in these agreements prevent the Company from making a reasonable estimate of the maximum potential amount that the Company could be required to pay such counterparties.

(expressed in US dollars)

16 Regulatory requirements

The Company is subject to the CEA minimum financial requirements (Regulation 1.17), which requires the Company to maintain a minimum level of adjusted net capital. As of December 31, 2023, the Company's adjusted net capital was $46,345,802, an excess of $18,214,287 over the required minimum.

17 Subsequent events

The Company has evaluated its subsequent events since December 31, 2023 to the date the consolidated financial statement was issued, which was February 29, 2024. No subsequent events were identified.