

# **OANDA CORPORATION**

Consolidated Statement of Financial  
Condition

**December 31, 2022**  
(expressed in US dollars)

(with Report of Independent Registered  
Public Accounting Firm thereon)



## **Report of Independent Registered Public Accounting Firm**

To the Stockholder and Board of Directors of OANDA Corporation

### ***Opinion on the Financial Statement – Consolidated Statement of Financial Condition***

We have audited the accompanying consolidated statement of financial condition of OANDA Corporation and its subsidiary (the “Company”) as of December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statement”). In our opinion, the consolidated financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

The 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 of this consolidated financial statement in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. 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 presentation of the consolidated financial statement. 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 statement 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 statement 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 statement, 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.

---

*PricewaterhouseCoopers LLP*  
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*  
*T: +1 416 863 1133, F: +1 416 365 8215*

“PwC” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



### *Uncertain Tax Positions*

As described in Notes 4, 9 and 11 to the consolidated financial statement, 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 statement. 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario, Canada

March 9, 2023

We have served as the Company's auditor since 2019.

**OANDA CORPORATION**  
Consolidated Statement of Financial Condition

**As of December 31, 2022**



---


(expressed in US dollars)

	<b>2022</b>
	<b>\$</b>
<b>Assets</b>	
Cash (note 5)	214,316,874
Due from broker (note 6)	8,797,512
Due from related parties (note 9)	1,754,025
Income taxes receivable (note 11)	897,390
Other assets (note 10)	3,458,667
Property and equipment (note 7)	542,957
Right-of-use asset (note 13)	240,240
Intangible assets (note 8)	4,975,086
	<u>234,982,751</u>
<b>Liabilities</b>	
Amounts due to customers (note 6)	165,632,828
Accounts payable and accrued expenses	4,109,444
Due to related parties (note 9)	2,391,911
Lease liability (note 13)	259,083
Deferred income taxes (note 11)	1,542,807
	<u>173,936,073</u>
<b>Stockholder's Equity</b>	
Common stock (\$0.01 par value, 1,000 shares, authorized, issued and outstanding)	10
Additional paid-in capital	58,660,272
Retained earnings	2,490,242
Accumulated other comprehensive income	(103,846)
	<u>61,046,678</u>
Total Liabilities and Stockholder's Equity	<u>234,982,751</u>

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

On behalf of the Board:

 Director  Director

 Director

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(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). 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 markup 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.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

- 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.

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 fees 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 applied the following standards and amendments for the first time for the year commencing January 1, 2022:

- ASU 2019-12 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes
- ASU 2020-10 Codification Improvements
- ASU 2021-07 Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards (a consensus of the Private Company Council)

ASU 2019-12, Income Taxes (Topic 740) did not have any impact on the amounts recognized in prior periods and do not have a significant effect on the current period. FASB issued ASU 2020-10 Codification Improvements to clarify the Codification or correct unintended application of guidance which did not have any impact on the amounts recognized in prior periods and do not have a significant effect on the current period. FASB issued ASU 2021-07, Compensation—Stock Compensation (Topic 718) which did not have any impacts for the Company on the amounts recognized in prior periods and current period.

### 3 Recently issued FASB Accounting Standard Codification updates

In March 2022, FASB issued ASU 2022-01 Derivatives and Hedging (topic 815): Fair value Hedging-Portfolio Layer Method. The update expands scope of last-of layer method to allow all financial assets to be included in a hedged closed portfolio. This update is effective for fiscal years beginning after December 15, 2023. The Company is currently assessing the impact of ASU 2022-01 on its consolidated statement of financial condition.

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

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

### 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 is 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.

- Basis of consolidation

The consolidated statement of financial condition includes the accounts of the Company and its wholly owned subsidiary, OANDA India Private Limited, as at December 31, 2022. All intercompany balances and transactions are eliminated on application of consolidation principles.

- Use of estimates

The preparation of the 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 financial statement.

In preparing the consolidated statement of financial condition, significant estimates management makes 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 liabilities;
- 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.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

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 statement of financial condition.

- Revenue Recognition

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

- Service Revenue

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.

Interest earned by or charged to customers is calculated on a daily basis and recorded when earned or incurred.

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. 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.

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 which are inactive for at least 12 months.



# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

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.

- 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 U.S. dollars. 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

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

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) we determine 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, we recognize the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

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, 2022.

- 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, 2022, 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 approximate fair value due to their short-term nature of these instruments and related maturities.

As of December 31, 2022, 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.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

- 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
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

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/to broker

Due from/to 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/to broker are carried at fair value based on mid point 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/to brokers on a net-by-counterparty basis.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

### 5 Cash

As at December 31, 2022, cash included the following:

- \$25,768,890 deposited in various trading and operating bank accounts to fund ongoing operations of the Company; and
- \$188,547,984 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 \$318,666 and a loss of (\$ 779,274) 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 \$9,258,120. 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 \$27,076,439 and a loss of (\$4,161,283) 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 \$188,547,984.

The following table presents the fair values of the Company's derivative transactions and the related offsetting amount as of December 31, 2022 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/to brokers on the Consolidated Statement of Financial Condition.

	<b>Gross amounts of assets for derivative open positions at fair value \$</b>	<b>Gross amounts of (liabilities)for derivative open positions at fair value \$</b>	<b>Net amounts of assets/ (liabilities) for derivative open positions at fair value \$</b>
Derivative instruments held with Broker	318,666	(779,274)	(460,608)
Derivative instruments held with Customer	27,076,439	(4,161,283)	22,915,156

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

(expressed in US dollars)

The Company's derivative instruments held at December 31, 2022 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	9,258,120	(460,608)	8,797,512
Amounts due to customers	(188,547,984)	22,915,156	(165,632,828)
		<b>Total contracts in long positions \$</b>	<b>Total contracts in short positions \$</b>
Derivative instruments held		676,199,324	762,000,167

### 7 Property and equipment, net

	2022 \$
Computer equipment	7,440,395
Furniture	63,429
Less accumulated depreciation	(6,960,867)
	<hr/> 542,957

### 8 Intangible assets

	2022 \$
Internal use software	9,338,350
Less accumulated depreciation	(4,363,264)
	<hr/> 4,975,086

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

### 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. During the year, the Company's business consulting group provided executive management, legal, finance 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. During the year, the Company's business consulting group provided executive management, legal, finance 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. During the year, the Company's business consulting group provided executive management, legal, finance 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. During the year, the Company's business consulting group provided executive management, legal, finance 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.

In return for fees on a cost-plus reasonable margin basis, the Company's business consulting group provided services to OANDA Japan. During the year, the Company's business consulting group provided executive management, legal, finance 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, the Company's business consulting group provided services to OANDA Poland. During the year, the Company's business consulting group provided 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. During the year, the Company's business consulting group provided executive management, legal, finance 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. During the year, the Company's business consulting group provided executive management, legal, finance and marketing services to OANDA Europe Markets. The Company also

# **OANDA CORPORATION**

## Notes to Consolidated Statement of Financial Condition

**December 31, 2022**

---

(expressed in US dollars)

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 TMS Brokers S.A. (TMS). TMS 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 Markets Europa GmbH (OANDA Markets Europa) provided finance services to the Company.

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.

In return for fees on a cost-plus reasonable margin basis, the business consulting group of OANDA Business Information and Services provided legal services to the Company. The Company also entered into an exchange rate subscription agreement with OANDA Business Information & Services on August 1, 2020. Under this agreement the Company provides the exchange rate subscription service to OANDA Business Information & Services.

As at December 31, 2022, the Company had a payable to its Parent for \$11,524 in relation to operating expenses paid by the parent company. This amount is included in due to related parties in the Consolidated Statement of Financial Condition.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

**December 31, 2022**

---

(expressed in US dollars)

The carrying amount of amounts due from related parties as at December 31, 2022 are:

	<b>Due from Related Parties</b>	<b>Due to related Parties</b>	<b>2022 \$ Net Amount</b>
OANDA Europe	944,397	(483,599)	460,798
OANDA Asia Pacific	-	-	-
OANDA Australia	801,004	(489,277)	311,727
OANDA Japan	518,342	(458,455)	59,887
OANDA Global Corporation	-	-	-
OANDA Markets Europa	214	-	214
OANDA Poland	-	-	-
OANDA Global Markets	-	-	-
OANDA Europe Markets	-	-	-
OANDA Business Information	8,811	-	8,811
OANDA Canada	2,820,399	(1,966,500)	853,899
OANDA Malta Holdings	69,623	(10,934)	58,689
TMS	-	-	-
Total	5,162,790	(3,408,765)	1,754,025



# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

**December 31, 2022**

---

(expressed in US dollars)

The carrying amount of amounts due to related parties as at December 31, 2022 are:

	<b>Due from Related Parties</b>	<b>Due to related Parties</b>	<b>2022 \$ Net Amount</b>
OANDA Europe	-	-	-
OANDA Asia Pacific	516,204	(1,122,432)	(606,228)
OANDA Australia	-	-	-
OANDA Japan	-	-	-
OANDA Global Corporation	2,700	(14,225)	(11,525)
OANDA Markets Europa	-	-	-
OANDA Poland	140,090	(660,272)	(520,182)
OANDA Global Markets	94,728	(863,766)	(769,038)
OANDA Europe Markets	139,883	(416,980)	(277,097)
OANDA Business Information	-	-	-
OANDA Canada	-	-	-
OANDA Malta Holdings	-	-	-
TMS	29,260	(237,101)	(207,841)
Total	922,865	(3,314,776)	(2,391,911)

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

---

(expressed in US dollars)

### 10 Other assets

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

	<b>2022</b>
	<b>\$</b>
Prepaid expenses	2,640,245
Security deposits with payment processor and vendors	48,548
Payment processor receivable	145,527
Due from Paxos	206,818
Other	<u>417,529</u>
	<u>3,458,667</u>

### 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 recognised in the statement.

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.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

(expressed in US dollars)

Significant components of the Company's deferred tax assets and liabilities are as follows:

	2022 \$
Deferred tax assets:	
Unrealized foreign exchange loss	144,864
Net operating losses and tax credits	4,190
Netted against deferred tax liabilities in the same jurisdiction	-
Deferred tax assets	<u>149,054</u>
Deferred tax liabilities:	
Capital assets	(728,182)
Intangible assets	(494,103)
Financial statement reserves	(469,576)
Netted against deferred tax assets in the same jurisdiction	-
Deferred tax liabilities	<u>(1,691,861)</u>
Net deferred tax liabilities	<u>(1,542,807)</u>

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 \$1,243,669 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 \$1,243,669. If or when recognized, the tax benefits related to any reversal of the valuation allowance on deferred tax assets as of December 31, 2022, will be recognized as a reduction of income tax expense.

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.

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

December 31, 2022

(expressed in US dollars)

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. There are 164,800 series A units outstanding and issued to those parties, being primarily CVC, that invested capital in Plutus. 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 5 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 2022 are as follows:

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

The following table summarizes award activity for each series under the Plutus incentive plan during the year ended December 31, 2022 that relates to the Company's employees.

	<b>2022</b> \$
Series B units	
Outstanding, December 31, 2021	1,845
Issued	-
	<hr/>
Outstanding, December 31, 2022	<u>1,845</u>
	<b>2022</b> \$
Series C units	
Outstanding, December 31, 2021	614.5
Issued	825
Cancellations	(400)
	<hr/>
Outstanding, December 31, 2022	<u>1,039.5</u>

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

**December 31, 2022**

---

(expressed in US dollars)

	<b>2022</b>
	<b>\$</b>
Series D units	
Outstanding, December 31, 2021	-
Issued	600
Cancellations	-
	<hr/>
Outstanding, December 31, 2022	<u>600</u>

The weighted average estimated fair value of awards granted, in aggregate, under this plan during 2022 was \$435.35.

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 non-cancellable lease agreement that commenced on May 1, 2022 and expires on November 30, 2024.

	<b>2022</b>
	<b>\$</b>
Right-of-use asset	317,338
Less: Accumulated depreciation	(77,098)
	<hr/>
	240,240

The following table is a summary of the Company's operating lease costs for the year ended December 31, 2022

Operating lease cost	88,686
Term	2.6 years
Discount Rate	6%
Short term lease payments	141,548

# OANDA CORPORATION

## Notes to Consolidated Statement of Financial Condition

**December 31, 2022**

---

(expressed in US dollars)

The future minimum annual lease payments as at December 31, 2022, related to the outstanding lease agreements were as follows:

	<b>2022</b>
	<b>\$</b>
2023	141,548
2024	132,268
	<hr/>
	273,816

### 14 Share Capital

	<b>2022</b>
	<b>\$</b>
Authorised and issued:	
\$0.01 par value, 1,000 shares	10

In 2022, the directors of the Company declared dividends of the Company's excess cash, as determined by the Company, to its Parent. Dividends on the Company's common stock were declared and paid in 2022 in the aggregate amount of \$2,000,000.

### 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 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 condition 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

# **OANDA CORPORATION**

## Notes to Consolidated Statement of Financial Condition

**December 31, 2022**

---

(expressed in US dollars)

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.

### **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, 2022, the Company's adjusted net capital was \$44,166,681 an excess of \$16,385,040 over the required minimum.

### **17 Subsequent events**

The Company has evaluated its subsequent events since December 31, 2022 to the date the financial statement was issued, which was March 8, 2023. No subsequent events were identified.