Consolidated Statement of Financial Condition
(Expressed in U.S. dollars)

OANDA CORPORATION

Year ended December 31, 2018

(with Report of Independent Registered Public Accounting Firm thereon)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and the Board of Directors of OANDA Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial condition of OANDA Corporation (and subsidiaries) (the "Company") as of December 31, 2018, the related consolidated statements of income and comprehensive income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended, and the related notes (collectively, the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 relevant ethical requirements relating to our audit.

We conducted our audit 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 statements are 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 statements, 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 statements. 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 statements. We believe that our audit provide a reasonable basis for our opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
We have served as the Company's auditor since 2005
Toronto, Canada
March 11, 2019

OANDA CORPORATION

Consolidated Statement of Financial Condition
(In U.S. dollars)

December 31, 2018

		2018
Assets:		
Cash and cash equivalents (note 3)	$	289,956,224
Accounts receivable		1,198,946
Due from broker (note 4)		40,900,059
Due from related parties (note 7)		5,842,612
Property and equipment (note 5)		1,838,271
Income taxes receivable		2,324,380
Intangible assets (note 6)		1,070,277
Other assets (note 8)		2,914,051
Deferred income taxes		2,304,094
Total Assets	$	348,348,914
Liabilities and Stockholder's Equity:		
Liabilities:		
Amounts due to customers (note 3)	$	236,253,874
Accounts payable and accrued expenses		8,598,593
Deferred revenue		5,702,052
Due to related parties (note 7)		99,231
Income taxes payable (note 9)		548,443
Deferred lease inducement		53,434
	$	251,255,627
Stockholder's equity:		
Common stock		
($0.01 par value, 1,000 shares, authorized, issued and outstanding)		10
Additional paid-in capital		71,597,860
Retained earnings		27,470,174
Accumulated other comprehensive income		(1,974,757)
	$	97,093,287
Total Liabilities and Stockholder's Equity	$	348,348,914

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

On behalf of the Board:

_________________________________ Director

_________________________________ Director

1. Nature of business:

OANDA Corporation (the "Company"), a Delaware corporation incorporated on November 14, 1996, is a global provider of innovative foreign exchange and online trading services. The Company's principal business activities are online foreign exchange and contract-for-difference ("CFD") trading, exchange rate subscription services, and licensing of its trading platform software. 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 wholly-owned subsidiary, OANDA (Canada) Corporation ULC, and its affiliates that offer foreign exchange and CFD trading outside of the United States are all registered with a relevant regulator in the jurisdiction in which they operate.

On October 15, 2018, OANDA Global Corporation ("OGC") a Delaware corporation and the ultimate parent of the Company, and other OANDA affiliated entities were acquired, by CVC Capital Partners (CVC) Asia Pacific IV L.P ("Fund IV") through its wholly owned subsidiary, Plutus Investment Holdings Inc. Fund IV is a private equity fund domiciled in Jersey and owned and managed by CVC Capital Partners ("CVC").

As part of the change of control closing steps associated with CVC's acquisition of all of the outstanding equity of OGC in 2018, the directors of the Company declared a distribution of the Company's excess cash, as determined by the Company, to its parent shareholder. Dividends on the Company's common stock were declared and paid in October 2018 in the aggregate amount of $49,803,110.

On November 29, 2018, the Company transferred to OGC 100% of the ownership of OANDA Hong Kong Ltd. and its wholly-owned subsidiary, OANDA Business Consulting (Shanghai) Co. Ltd.

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

(a) Foreign exchange and CFD trading:

The Company provides online margin trading focused primarily on over-the-counter foreign exchange trading for speculative or investment purposes. The Company also offers leveraged CFD trading in commodities and stock indices through its wholly-owned subsidiary and foreign affiliates. Trading is conducted through the Company's proprietary online platform, a fully automated trading platform in which the Company fulfills the role of market-

1. Nature of business (continued):

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 primarily 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 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.

(b) License and maintenance fee revenue:

The Company licenses its trading platform software to a third party on a term basis, who, in turn, offers currency and derivative trading to its customers. Additionally, license fees relate to an agreement entered into by the Company with its wholly-owned subsidiary and foreign affiliates. This agreement is titled "Trading Platform License, Support & Profit Sharing Agreement". Under this agreement, the Company agreed to license its trading platform and the "OANDA" trademark for the purpose of the subsidiary and affiliates offering an internet-based foreign exchange and CFD trading platform to its trading customers in the relevant jurisdiction.

(c) Service revenue:

The Company entered into an agreement with each of its wholly-owned subsidiaries and affiliates 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. Revenue is recognized as the services are performed.

1. Nature of business (continued):

(d) Exchange rate subscription revenue:

The Company provides currency data feeds to third parties for their back office operations and websites on a subscription basis.

2. Significant accounting policies:

(a) Basis of presentation:

The Company's consolidated financial statements are 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 was 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.

(b) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions are eliminated on application of consolidation principles.

The Company's consolidated financial statements include the following wholly-owned subsidiaries as at December 31, 2018:

(1) OANDA (Canada) Corporation ULC; and

(2) OANDA India Private Limited

(c) Use of estimates:

The preparation of financial statements 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 statements and the reported amounts of revenue and expenses during the year.

2. Significant accounting policies (continued):

In preparing the consolidated financial statements, significant estimates management makes include the following:

- allowance for doubtful accounts;
- initial recognition and realization of deferred tax assets;
- assessing the useful lives and existence of potential indicators of impairment related to property and equipment;
- assumptions included in the determination of stock-based compensation, which includes a number of estimates and assumptions associated with unit awards arising from a group related plan as issued and granted to certain employees of the Company and disclosed in note 10.

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.

(d) Revenue recognition:

The Company generates revenue from foreign exchange and CFD margin trading, licensing of its trading platform, business consulting services and exchange rate subscription services.

(i) Trading revenue, net:

Trading revenue, net represents foreign exchange and CFD 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 spot rate of exchange on the reporting date and are included in amounts due to customers and due from customers, as applicable. Interest earned by or charged to customers is calculated on a daily basis and recorded when earned or incurred.

2. **Significant accounting policies (continued):**

Net revenue from trading related transactions represents 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.

(ii) License and maintenance fee revenue:

Revenue from term-based licenses is recognized when realized or realizable on a straight-line basis over the contractual term of the agreement or the expected period during which those services will be provided. The Company's license services may require it to provide maintenance services over the license term. Revenue from multi-year time-based licenses that include support or maintenance services, whether separately priced or not, is recognized rateably over the license term.

The timing of revenue recognition differs from contract payment schedules. Amounts billed in accordance with customer contracts, but not yet earned due to incomplete fulfillment of service elements or customer acceptance, among other considerations, is recorded and presented as part of deferred revenue.

(iii) 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 collectability is reasonably assured.

2. Significant accounting policies (continued):

(iv) Exchange rate subscription services:

Revenue from exchange rate subscription services is recognized when realized or realizable on a straight-line basis over the contractual term of the agreement or the expected period during which those services will be provided. Subscription services are billed in advance and the revenue is deferred until the service is provided.

(e) Interest income:

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

(f) Stock-based compensation:

In prior years, the Company's employees were granted share-based awards in the shares of OGC, which had been equity classified. The OGC group-related stock option plan was cancelled in the year. Stock-based compensation expense related to the grant of these share-based payment awards has been recorded with a corresponding credit to equity, representing a capital contribution from OGC for each of their respective share-based payment arrangements with the Company's employees.

In addition, immediately subsequent to CVC's acquisition of OGC in the year, 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 non-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.

2. Significant accounting policies (continued):

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.

(g) 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.

Unrealized gains or losses from translating the Company's subsidiaries' financial statements from the local functional currency to the reporting currency are included in other comprehensive income.

(h) Income taxes:

Income taxes are accounted for using the asset and liability method, which requires recognition of deferred tax assets and liabilities based upon temporary differences between the financial statements and income tax bases of assets and liabilities using currently enacted tax rates expected to apply to taxable income in the years those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets if it is more likely than not that such assets will not be realized. Contingent income tax liabilities are recorded when the criteria for loss recognition have been met. An uncertain tax position is recognized based on the determination of whether or not a tax position is more likely than not to be sustained upon examination based upon the technical merits of the position. If this recognition threshold is met, the tax benefit is then measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

(i) Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments with original maturities of ninety days or less. The carrying amount of cash and cash equivalents approximates its

2. Significant accounting policies (continued):

fair value because of the short maturity of these investments. Cash balances may be in excess of insured limits in the relevant jurisdiction in which the cash is held. Cash held for customers represent cash held to fund customer liabilities in connection with trading positions.

(j) 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, 2018, the Company's derivative assets and liabilities are classified as either Level 1 and 2 (note 4). 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 carrying amounts, which approximate fair value due to the short-term nature of these instruments and related maturities.

As of December 31, 2018, the Company did not have any Level 3 financial assets or liabilities.

(k) Derivatives:

The Company enters into futures contracts to economically hedge the open customer contracts of its CFD business. Futures contracts are exchange traded contracts to either purchase or sell a specific asset at a specified future date for a specified price. CFDs allow for the exchange of the difference in value of a particular asset such as a stock index or

2. Significant accounting policies (continued):

commodity contract over the life of the contract. As of December 31, 2018, the Company's CFD hedges include future contracts for commodities and stock indices. The Company's derivative contracts are accounted for at fair value. Gains or losses on future contracts related to the Company's CFD business are included as part of trading revenue in the Consolidated Statement of Income and Comprehensive Income. The Company enters into forward contracts to reduce its exposure to fluctuations in foreign exchange rates. The Company does not use any derivative financial instrument for speculative purposes.

The Company has elected to apply hedge accounting in respect of forward foreign exchange contracts used to manage the Company's foreign currency exposure from its net investment in subsidiaries.

Hedge accounting is discontinued prospectively when it is determined that the hedging relationship is no longer effective, the derivative is terminated, expired, or sold, or the Company terminates its designation of the hedging relationship.

The Company formally documents all relationships between the hedging instruments and hedged items. This process includes linking all derivatives to the net asset value of the relevant subsidiary. The Company also formally documents and assesses, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments that are used in the hedging transactions are highly effective in offsetting the changes in the fair value of the hedged items. The fair value of these derivatives is accounted for and presented as a derivative asset when in a gain position and a derivative liability when in a loss position, which are presented as part of the due from/to broker accounts per the Consolidated Statement of Financial Condition.

(l) Business concentrations and credit risks:

Financial instruments, which subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, due from broker, and accounts receivable. 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. The Company performs periodic evaluations of the relative credit standing of these institutions. In addition, the Company performs ongoing credit evaluations and establishes an allowance for doubtful accounts in relation to accounts receivable based upon factors surrounding the credit risk of its subscription service and other customers, historical trends and experience, and other information.

2. Significant accounting policies (continued):

(m) Accounts receivable:

Accounts receivable, net consists primarily of amounts due from customers relating to the Company's exchange rate subscription services. Accounts receivable are shown net of an allowance for doubtful accounts. As at December 31, 2018, the allowance for doubtful accounts is $52,753.

The allowance for doubtful accounts is maintained at a level that management believes to be sufficient to absorb estimated losses from uncollectible amounts. The allowance is increased by the provision for bad debts which is charged against income and decreased by the amount of charge-offs, net of recoveries, if any.

The amount charged against operating results is based on several factors including, but not limited to, a continuous assessment of the collectability of each account, the length of time a receivable is past due and historical experience with the customer.

(n) 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
Leasehold improvements	Shorter of lease term or asset's estimated useful life

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.

2. Significant accounting policies (continued):

(o) Intangible assets:

Intangible assets, net, includes customer accounts that were acquired from IBFX Inc. in March 2016 (note 6) and computer software purchases. Purchased 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 computer software is 3, 7, or 10 years depending on its nature and intended use.

Customer accounts acquired are finite-lived intangible assets and are amortized on a straight-line basis over their estimated average useful life of 30 months. 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.

(p) 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. The fair value of customers' open positions, recognized as unrealized gains and losses, is determined based upon financial institutions' quotations at period end.

(q) Amounts due from/to broker:

Due from/to brokers represents the amount of the unsettled spot currency trades that the Company has with financial institutions. Also included in due from/to brokers is the fair value of derivative financial instruments discussed above in note 1(k) and in note 4. The amounts due from/to broker are carried at contracted amounts which approximate fair value based on market price quotations obtained from independent brokers. 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.

2. Significant accounting policies (continued):

(r) Government assistance:

The Company's Canadian subsidiary, OANDA (Canada) Corporation ULC, is entitled to Scientific Research and Experimental Development non-refundable investment tax credits ("SR&ED ITCs") for qualifying research and development activities which can be applied against Canadian federal and provincial income taxes payable.

3. Cash and cash equivalents:

As at December 31, 2018, cash and cash equivalents included the following:

- $53,702,350 deposited in various trading and operating bank accounts to fund ongoing operations of the Company; and

- $236,253,874 deposited in bank accounts by customers, net of realized and unrealized gains or losses from customer trading activity. 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.

4. Due from/to broker:

Due from broker, net in the Consolidated Statement of Financial Condition includes a loss of ($4,580,191) in unsettled spot currency trades that the Company has open through its arrangements with financial institutions, for which the Company provided collateral of $44,591,606. The foreign currency spot contracts are classified as level 1 instruments in the fair value hierarchy.

As at December 31, 2018, the Company has open futures contracts used to manage the Company's exposure to open customer contracts of its CFD business. The futures contracts have a notional value of $32,445,620 long and ($4,271,989) short for which the Company provided collateral of $1,006,440. The unrealized profit or loss on these contracts as at December 31, 2018 is a loss of ($541,279) and is included in due from broker, net in the Consolidated Statement of Financial Condition. The futures contracts are classified as level 1 instruments in the fair value hierarchy.

(In U.S. dollars)

4. Due from/to broker (continued):

The Company also enters into forward contracts to reduce its foreign currency exposure from its investments in subsidiaries. As at December 31, 2018, the notional value of the open derivative contracts related to this hedging activity is $5,721,439 for which the Company provided collateral of $286,072. The fair value on these open positions as at December 31, 2018 is $137,412 and is included in due from broker, net. The forward contracts are classified as level 2 instruments in the fair value hierarchy.

The following table presents the fair values of the Company's derivative transactions and the related offsetting amount as of December 31, 2018 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. 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.

	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	$ 35,351,902	$ (19,702,433)	$ 15,649,469

The majority of the Company's derivative instruments held at December 31, 2018 relate to foreign currency exchange and metal contracts and CFD contracts to a lesser extent.

(In U.S. dollars)

4. Due from/to broker (continued):

Derivative assets/(liabilities)	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	$ 45,884,118	$ (4,984,059)	$ 40,900,059
Amounts due from customers	(256,887,402)	20,633,528	(236,253,874)

	Total contracts in long positions	Total contracts in short positions
Derivative instruments held	$ 1,556,174,213	$ 1,260,403,588

5. Property and equipment, net:

	2018
Computer equipment	$ 12,150,282
Furniture and fixtures	901,177
Leasehold improvements	1,479,441
Less accumulated depreciation	(12,692,629)
	$ 1,838,271

(In U.S. dollars)

6. Intangible assets:

On February 3, 2016, the Company entered into a purchase agreement for the acquisition of a customer portfolio from IBFX, Inc. The closing date of the purchase was March 4, 2016. The Company paid $1,169,461 for assets under management that were transferred to the Company.

The purchase consideration for the customer portfolio was recognized as an intangible asset. The intangible asset is being depreciated over 30 months which is the estimated life of the acquired customers based on historical trading and customer experience. During the year ended December 31, 2018, there were no triggering events indicating a risk of an impairment. The remaining carrying value of the intangible has been fully amortized during the year ended December 31, 2018.

	2018
Customer list	$ 1,169,461
Computer software	3,208,887
Less accumulated amortization	(3,308,071)
	$ 1,070,277

7. Related party transactions and balances:

The Company entered into a Services Agreement with OANDA (Canada) Corporation ULC, OANDA Asia Pacific Pte Ltd, OANDA Europe Ltd, OANDA Australia Pty Ltd and OANDA Japan Inc. (collectively “Related Entities”). Under this agreement, the Company provides business consulting services in return for fees on a cost-plus reasonable margin basis. The Company provides executive management, strategy, legal, compliance, marketing and finance services.

License revenue relates to an agreement entered into by the Company with OANDA (Canada) Corporation ULC, OANDA Asia Pacific Pte Ltd, OANDA Europe Ltd, OANDA Australia Pty Ltd and OANDA Japan Inc. (collectively, “Trading Entities”). This agreement is titled “Trading Platform License, Support & Profit Sharing Agreement”. Under this agreement, the Company agreed to license its trading platform and the “OANDA” trademark for the purpose of the Trading Entities offering an internet-based foreign exchange and CFD trading platform to its customers. By licensing the platform, each OANDA Trading Entity would be charged a license fee as well as allocated trading revenue based on their trading activity. As part of the license agreement, the Company’s Trading Entities have the ability to hedge their customer positions with the Company.

(In U.S. dollars)

7. Related party transactions and balances (continued):

As at December 31, 2018 the Company has a receivable from affiliated entities for business consulting services and trading gains (losses) recognized on hedging arrangements with the Company for $4,730,904 and a payable for $99,231.

As at December 31, 2018, the Company had a receivable from OGC for trading losses recognized by the OGC on hedging its net investment in its wholly-owned subsidiaries. The losses were settled in the Company's bank accounts resulting in a receivable from the Company's parent of $1,111,708 and is included as part of due to related parties in the Consolidated Statement of Financial Condition.

8. Other assets:

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

	2018
Prepaid expenses	$ 2,222,436
Security deposits with payment processor and vendors	117,739
Payment processor receivable	439,856
Other	134,020
	$ 2,914,051

9. 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 applicable Canadian and U.S. tax rates.

During the year ended December 31, 2018, the Company utilized $253,272 of SR&ED tax credits and other Canadian provincial tax credits (which were earned in the current year) to offset Canadian and provincial income taxes payable related to income in the year. The Company also utilized foreign tax credits to offset U.S. taxes payable related to taxable income in 2017 and 2018 of $2,447,480 and $3,136,743, respectively. 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.

(In U.S. dollars)

9. Income taxes (continued):

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

		2018
Deferred tax assets:		
Property and equipment	$	56,616
Net operating losses		53,748
Deferred revenue and accruals		558,849
Tax credit and carry forwards		1,151,027
Other		16,701
Deferred tax assets	$	2,336,941
Deferred tax liabilities:		
Tax credits		32,847
Deferred tax liabilities	$	32,847
Net deferred tax assets	$	2,304,094

As of the beginning of the year, the Company had a valuation allowance against certain deferred tax assets totaling $11,048,611. During the year, the valuation allowance reserve was released in its entirety, on the basis of management's reassessment of the amount of its deferred tax assets, being principally foreign tax credits and stock-based compensation deductions that are more than likely than not to be realized. The deferred tax assets as at December 31, 2018 consist of fixed assets, revenue and accruals and foreign tax credit carry forwards that have been deemed to be more likely than not going to be realized in the future.

The Company has not recognized a temporary difference associated with investments in subsidiaries 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 temporary differences relate to undistributed earnings of that Company's subsidiaries. Dividends declared would be subject to withholding tax ranging from nil to 5% based on the jurisdiction of its affiliates.

The Company's U.S. foreign tax credits of $1,151,027 expire in 2028. The Company and its subsidiaries file income tax returns in the U.S., Canada, India, and various states and provincial jurisdictions.

10. Stock-based compensation:

Former OGC Plan

The Parent had a stock incentive plan (the "Plan") that permits the granting of options to purchase up to an aggregate of 7,000,000 shares of the Parent's common stock to employees, consultants and non-employee directors of the Parent or an affiliate. Under the Plan, the Parent may grant either incentive stock options or non-qualified stock options or both.

The stock option awards were generally granted with an exercise price equal to the greater of (a) an estimate of the market value of the Parent’s stock at the grant date and (b) stock issue price of the Parent's last private placement. The Parent used and considered revenue multiples derived from industry comparable entities, as well as, an income approach which involves estimating future cash flows and discounting those cash flows at an appropriate rate when determining the estimated fair value of the Parent’s stock at a point in time. The right to exercise stock options generally vests over a period of two to five years from the date of grant, except when a special vesting period is included as part of the grant. The contractual term of the options was generally for a period of up to 10 years. Certain option awards provide for accelerated vesting if there was a change in control (as defined in the Plan). There were no stock options granted in 2018 under this plan.

The Plan allowed for the modification to the terms of outstanding stock option awards if the Company believed that the modifications were in the best interest of the employee and Parent’s stockholders.

The Black-Scholes option-pricing model was used to calculate the estimated fair value of stock-based awards. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that uses assumptions, including expected volatility, expected term, interest rates and dividend yield. Stock-based compensation cost is recognized as an expense on a straight line basis over the requisite vesting period.

Upon acquisition of OGC by CVC the Plan was terminated, with all outstanding stock options cancelled as part of the change of control transaction. Option holders that held vested and in the money options at the time of the acquisition received a net settlement from CVC for the difference between the exercise and sale price on a per share basis.

Given that all options under this plan were either exercised or canceled, there is no remaining deferred tax assets at December 31, 2018.

(In U.S. dollars)

10. Stock-based compensation (continued):

The following table summarizes the Plan's activity for employees of the Company and its wholly-owned subsidiaries during the year ended December 31, 2018:

	Weighted Number of Options	Weighted Average Exercise Price	Average Remaining Life (Years)
Outstanding as of December 31, 2017	3,336,588	$ 15.80	6.67
Forfeited	(232,665)	19.54	
Cancelled	(3,053,161)	15.55	
Exercised	(50,762)	14.78	
Outstanding as of December 31, 2018	-	-	-
Exercisable as of December 31, 2018	-	-	-

There were 50,762 options exercised during the year ended December 31, 2018 resulting in an intrinsic value of $3.46.

New Management Incentive Plan

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 affiliates. 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.

Series B units were vested immediately on issuance and cannot be cancelled or forfeited. Series C units contain both time and 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 B but with a higher threshold.

(In U.S. dollars)

10. Stock-based compensation (continued):

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 and the probability weighted timing of such an event. The Monte-Carlo model uses assumptions, including projected financial results, volatility, expected life and risk free rates. Stock-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 stock based payment awards granted by Plutus in 2018 are as follows:

	2018
Expected price volatility	45%
Risk-free interest rate	3.05% - 3.17%
Expected forfeiture rate	24% - 32%
Dividend yield	-

The following table summarizes award activity for each series under the Plutus incentive plan during the year ended December 31, 2018 that relates to the Company's employees.

Series B units:

	2018
Outstanding, December 31, 2017	-
Granted	2,270
Outstanding, December 31, 2018	2,270

Series C units:

	2018
Outstanding, December 31, 2017	-
Granted	9,387
Outstanding, December 31, 2018	9,387

(In U.S. dollars)

10. Stock-based compensation (continued):

Series D units:

	2018
Outstanding, December 31, 2017	-
Granted	6,695
Outstanding, December 31, 2018	6,695

The weighted average estimated fair value of awards granted, in aggregate, under this plan during 2018 was $82 (2017 - nil).

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.

11. Commitments and contingencies:

The Company leases its facilities, certain computer equipment and internet service provider facilities pursuant to non-cancellable operating agreements, expiring at various dates to May 31, 2023. The future minimum payments under such commitments at December 31, 2018 are payable as follows:

2019	$ 1,372,863
2020	1,159,748
2021	1,159,748
2022	1,147,004
2023	572,923
	$ 5,412,286

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 statements 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

11. Commitments and contingencies (continued):

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.

12. Subsequent events:

The Company has evaluated its subsequent events since December 31, 2018 to the date the financial statements were issued, which was March 11, 2019. No subsequent events were identified.