



Q3 2020 REPORT

FINANCIAL STATEMENTS

2020

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# MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## For the three months ended September 30, 2020 and September 30, 2019

The accompanying unaudited condensed consolidated interim financial statements and all the data included in this report have been prepared by and are the responsibility of the Board of Directors and management of Olympia Financial Group Inc. ("Olympia").

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as set out in the Handbook of the Chartered Professional Accountants of Canada and reflect management's best estimates and judgments based on currently available information. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors has reviewed and approved the accompanying unaudited condensed consolidated interim financial statements for the periods ended September 30, 2020 and September 30, 2019.

The Audit Committee, comprised of non-management directors, acts on behalf of the Board of Directors to ensure that management fulfills its financial reporting and internal control responsibilities. Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records properly maintained to provide reliable information for the preparation of the unaudited condensed consolidated interim financial statements.

Internal controls are further supported by an internal audit function which conducts periodic audits of Olympia's financial reporting and internal controls. The internal audit function reports to the Audit Committee. In performing its duties, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of Olympia's management.

# NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Olympia have been prepared by, and are the responsibility of Olympia's management.

Olympia's independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these financial statements.

*Signed Rick Skauge*

*Signed Gerhard Barnard*

**Rick Skauge**  
President and Chief Executive Officer

**Gerhard Barnard, CPA, CMA**  
Chief Financial Officer

Calgary, Canada, November 13, 2020

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (Unaudited)

(\$)	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash & cash equivalents (note 10)	\$ 15,209,814	\$ 13,754,089
Trade & other receivables (note 6)	3,836,384	3,105,766
Inventory	49,428	56,518
Prepaid expenses	1,047,631	1,270,284
Derivative financial instruments (notes 6 and 12)	3,661,234	2,177,020
<b>Total current assets</b>	<b>23,804,491</b>	<b>20,363,677</b>
<b>Non-current assets</b>		
Restricted cash & investments (note 9)	5,300,000	2,500,000
Equipment & other (note 13)	902,357	1,120,955
Intangible assets (note 14)	2,483,319	2,748,214
Right of use asset (note 15)	672,886	1,073,064
Financial asset at fair value through other comprehensive income	74,010	38,574
Long-term lease receivable (note 6)	20,141	55,156
Promissory note receivable (note 4)	1,268,575	1,400,000
Derivative financial instruments (notes 6 and 12)	-	1,840,389
Deferred tax assets (note 19)	696,137	786,200
<b>Total non-current assets</b>	<b>11,417,425</b>	<b>11,562,552</b>
<b>Total assets</b>	<b>\$ 35,221,916</b>	<b>\$ 31,926,229</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade & other payables (notes 6 and 16)	\$ 1,139,636	\$ 1,456,166
Deferred revenue (note 17)	3,778,111	486,655
Other liabilities & charges (note 6)	2,283,665	1,732,886
Revolving credit facility (notes 11 and 24)	7,039,785	6,655,347
Lease liabilities (note 7)	903,249	907,066
Derivative financial instruments (notes 6 and 12)	925,375	657,259
Current tax liability	101,343	176,795
<b>Total current liabilities</b>	<b>16,171,164</b>	<b>12,072,174</b>
Lease liabilities (note 7)	366,173	1,038,286
Derivative financial instruments (notes 6 and 12)	-	887,020
<b>Total liabilities</b>	<b>\$ 16,537,337</b>	<b>\$ 13,997,480</b>
<b>EQUITY</b>		
Share capital (note 18)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 18)	86,373	86,373
Retained earnings	11,027,136	10,164,595
<b>Equity attributable to owners of Olympia</b>	<b>19,000,498</b>	<b>18,137,957</b>
Non-controlling interests	(315,919)	(209,208)
<b>Total equity</b>	<b>18,684,579</b>	<b>17,928,749</b>
<b>Total equity &amp; liabilities</b>	<b>\$ 35,221,916</b>	<b>\$ 31,926,229</b>

Contingencies (note 25)

See accompanying notes to the unaudited condensed consolidated interim financial statements

## Approved on behalf of the Board of Directors

Signed Rick Skauge

**Rick Skauge**

Director

November 13, 2020

Signed Brian Newman

**Brian Newman, CPA, CA**

Director

# CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET EARNINGS AND COMPREHENSIVE INCOME (Unaudited)

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	Sept. 30, 2020	Sept. 30, 2019	Sept. 30, 2020	Sept. 30, 2019
<b>Revenue</b>				
Service revenue (note 8)	\$ 25,182,910	\$26,387,853	\$ 8,429,934	\$ 8,670,252
Trust income (note 8)	9,254,398	8,948,227	2,766,246	3,017,511
Interest (note 8)	331,848	965,525	132,076	406,691
	<b>34,769,156</b>	<b>36,301,605</b>	<b>11,328,256</b>	<b>12,094,454</b>
<b>Expenses</b>				
Direct expenses (note 8)	1,967,729	2,491,096	659,088	573,566
Administrative expenses (note 8)	24,358,069	25,628,643	7,964,486	8,326,100
Depreciation and amortization (notes 8, 13, 14 and 15)	1,363,341	1,144,471	474,807	415,234
Other (gains)/losses, net (notes 8 and 20)	(464,583)	(3,019,551)	(271,495)	(488,714)
	<b>27,224,556</b>	<b>26,244,659</b>	<b>8,826,886</b>	<b>8,826,186</b>
<b>Earnings before income tax</b>	<b>7,544,600</b>	<b>10,056,946</b>	<b>2,501,370</b>	<b>3,268,268</b>
Income tax expense (notes 8 and 19)				
Current	1,717,598	2,407,850	653,893	839,429
Deferred tax expense	90,063	322,134	(69,417)	135,127
<b>Total income tax expense</b>	<b>1,807,661</b>	<b>2,729,984</b>	<b>584,476</b>	<b>974,556</b>
<b>Net earnings and comprehensive income attributable to:</b>				
<b>Shareholders of Olympia</b>	<b>\$ 5,843,650</b>	<b>\$ 7,380,622</b>	<b>\$ 1,948,105</b>	<b>\$ 2,313,226</b>
<b>Non-controlling interests</b>	<b>\$ (106,711)</b>	<b>\$ (53,660)</b>	<b>\$ (31,211)</b>	<b>\$ (19,514)</b>
<b>Net earnings and comprehensive income for the period</b>	<b>\$ 5,736,939</b>	<b>\$ 7,326,962</b>	<b>\$ 1,916,894</b>	<b>\$ 2,293,712</b>
<b>Earnings per share attributable to shareholders of Olympia</b>				
Basic and diluted (note 21)	\$ 2.43	\$ 3.07	\$ 0.81	\$ 0.96

See accompanying notes to the unaudited condensed consolidated interim financial statements

# CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (Unaudited)

## Attributable to owners of Olympia

	Share Capital	Contributed Surplus	Retained Earnings	Non-controlling Interest	Total Equity
<b>Balance at January 1, 2019</b>	\$ 7,886,989	\$ 86,373	\$ 7,214,540	\$ (107,035)	\$ 15,080,867
Adjustment on initial adoption of IFRS 16	-	-	\$ 19,977	-	\$ 19,977
<b>Adjusted balance as at January 1, 2019</b>	\$ 7,886,989	\$ 86,373	\$ 7,234,517	\$ (107,035)	\$ 15,100,844
Share issuance	-	-	\$ (800)	-	(800)
Net earnings and comprehensive income	-	-	7,380,622	(53,660)	7,326,962
Dividends (note 22)	-	-	(4,836,904)	-	(4,836,904)
<b>Balance at September 30, 2019</b>	\$ 7,886,989	\$ 86,373	\$ 9,777,435	\$ (160,695)	\$ 17,590,102
<b>Balance at January 1, 2020</b>	\$ 7,886,989	\$ 86,373	\$ 10,164,595	\$ (209,208)	\$ 17,928,749
Net earnings and comprehensive income	-	-	5,843,650	(106,711)	5,736,939
Dividends (note 22)	-	-	(4,981,109)	-	(4,981,109)
<b>Balance at September 30, 2020</b>	<b>\$ 7,886,989</b>	<b>\$ 86,373</b>	<b>\$ 11,027,136</b>	<b>\$ (315,919)</b>	<b>\$ 18,684,579</b>

*See accompanying notes to the unaudited condensed consolidated interim financial statements*

# CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

NINE MONTHS ENDED SEPTEMBER 30	2020	2019
<b>Cash flows from operating activities</b>		
Net earnings from operations	\$ 5,736,939	\$ 7,326,962
Items not affecting cash		
Depreciation of equipment & other (note 13)	374,149	336,871
Amortization of intangible assets (note 14)	589,015	407,158
Amortization of right of use asset (note 15)	400,178	400,442
Other	4,938	28,779
Loss on disposal of assets	1,165	5,301
Interest accrued on promissory note receivable	(8,575)	(57,558)
Deferred income taxes recovery	90,063	322,134
Foreign exchange gain (note 20)	(262,729)	(2,187,732)
Changes in non-cash working capital balances (note 23a)	2,951,411	2,795,815
Net cash from operating activities	9,876,554	9,378,172
<b>Cash flows from investing activities</b>		
Purchase of equipment & other (note 13)	(161,411)	(177,292)
Purchase of intangible assets (note 14)	(324,120)	(572,763)
Purchase of securities	(37,500)	-
Proceeds on disposal of securities	1,819	-
Purchase of restricted investment for collateral, net (note 9)	(2,800,000)	(3,805,000)
Net cash from investing activities	(3,321,212)	(4,555,055)
<b>Cash flows from financing activities</b>		
Borrowing on revolving credit facility	384,438	4,698,000
Repayment of Promissory note receivable	140,000	-
Receipt of lease receivable	32,984	31,071
Payment of lease liabilities (note 7)	(675,930)	(637,715)
Dividends (note 21)	(4,981,109)	(4,836,904)
Net cash from financing activities	(5,099,617)	(745,548)
Net change in cash position	1,455,725	4,077,569
<b>Cash, beginning of period</b>	<b>13,754,089</b>	<b>12,834,906</b>
<b>Cash, end of period</b>	<b>\$ 15,209,814</b>	<b>\$ 16,912,475</b>
<b>Cash is represented by:</b>		
Cash & cash equivalents (note 10)	\$ 15,209,814	\$ 16,912,475
	\$ 15,209,814	\$ 16,912,475
<b>Other information for operations</b>		
Interest earned and received as trustee	\$ 9,210,873	\$ 6,213,989
Interest received	\$ 296,990	\$ 1,060,355
Income taxes paid	\$ 1,747,500	\$ 2,619,261
Non-cash financing and investing activities (note 23b)		

See accompanying notes to the unaudited condensed consolidated interim financial statements

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 1. NATURE OF BUSINESS

Olympia Financial Group Inc. (“Olympia”) is governed by the *Business Corporations Act* (Alberta). Olympia is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares are listed on the Toronto Stock Exchange (“TSX”). Olympia’s registered and head office is 2300, 125 – 9th Avenue SE, Calgary, Alberta T2G 0P6.

The majority of Olympia’s business is conducted through its wholly owned subsidiary Olympia Trust Company (“Olympia Trust”), a non-deposit taking trust corporation.

Olympia Trust received its letters patent on September 6, 1995, authorizing the formation of a trust corporation to be registered under the *Loan and Trust Corporations Act* (Alberta). Olympia Trust acts as a trustee for self-directed registered plans and provides foreign currency exchange services as well as corporate and shareholder services. Olympia Trust is licensed to conduct trust activities in Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador, Prince Edward Island, New Brunswick and Nova Scotia. The Private Health Services Plan division conducts its business through Olympia Benefits Inc. (“OBI”), a wholly owned subsidiary of Olympia. Exempt Edge Inc. (“EEI”) was incorporated under the *Business Corporations Act* (Alberta) on November 28, 2016, as a subsidiary of Olympia.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2020, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed consolidated interim financial statements (“condensed consolidated financial statements”) should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB. The policies applied in these condensed consolidated financial statements are consistent with accounting policies and methods of computation used for the audited annual consolidated financial statements for the year ended December 31, 2019. Income taxes on earnings in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings.

These condensed consolidated financial statements have been approved and authorized for issuance by the Board of Directors, on November 13, 2020.

Olympia’s condensed consolidated financial statements are presented in Canadian dollars, Olympia’s primary operating currency. All references to \$ are in Canadian dollars and references to US\$ are in United States dollars.

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Certain of the prior year comparative figures have been reclassified to conform to the presentation adopted for the current year.

## 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

### Future accounting pronouncements

There were no new or amended standards issued during the three months ended September 30, 2020, that are applicable to Olympia in future periods. A description of standards and interpretations that will be adopted by Olympia in future periods can be found in the notes to the annual consolidated financial statements for the year ended December 31, 2019.

## 4. PROMISSORY NOTE RECEIVABLE

On June 5, 2018, Olympia announced the sale to Tarman ATM Inc. (“Tarman”) of the ATM business operated by Olympia ATM Inc., as a going concern, for an amount equal to the then current net book value of all assets used in the ATM business less all assumed liabilities; an amount estimated to be \$1.4 million.

The sale of the ATM business to Tarman, a corporation owned and controlled by Rick Skauge, was a related party transaction, as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, but was exempted from Olympia obtaining disinterested shareholder approval and a formal valuation as the fair market value of the proposed transaction was less than 25% of Olympia’s market capitalization.

An ad hoc committee composed solely of the independent members of Olympia’s Board of Directors was constituted to consider and approve the sale of the ATM business to Tarman. As part of its deliberations, the ad hoc committee of the Board of Directors noted the continuing losses of approximately \$120,000 per month in the ATM business and acknowledged that while the ATM business still had the potential to grow and expand, it was unlikely to become profitable in the near future. Given the immediate financial benefits that the sale of the ATM business would have for Olympia and the uncertain timelines to profitability, the ad hoc committee believed the sale of the ATM business to be in the best interest of Olympia. The ad hoc committee of the Board of Directors obtained a fairness comfort letter stating that the proposed transaction was fair to the disinterested shareholders of Olympia. In addition, following

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

the public disclosure of the transaction, Olympia received an unsolicited expression of interest in the ATM business from a third party. Olympia permitted the third party to conduct a due diligence review and valuation of the ATM business and received an offer to purchase the ATM business from the third party that was economically comparable to the offer made by Tarman.

In conjunction with the sale of substantially all the assets of Olympia ATM Inc. to a related party in 2018, the purchase price was paid by the delivery of a secured demand promissory note (“the promissory note”) for \$1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. Subject to Canadian Western Bank’s (“CWB”) consent (as discussed below), all interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year and, commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of \$140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023. As at June 30, 2020, the first installment of \$140,000 has been repaid together with all accrued interest.

In connection with the financing of the vault cash used by Tarman, Olympia agreed to postpone to CWB the receipt of all amounts owed to it by Tarman and is required to obtain CWB’s consent prior to accepting any amounts from Tarman. Olympia has obtained the required consent. Olympia also agreed to subordinate to CWB all security interests granted to Olympia by Tarman

## 5. FUNDS IN TRUST

### Registered Plans division (“RRSP”)

At September 30, 2020, RRSP administered self-directed registered plans holding private company securities and mortgages with a cost value of \$4.53 billion (December 31, 2019 – \$4.38 billion) plus cash, public securities, term deposits, and outstanding cheques with an estimate fair value of \$611.70 million (December 31, 2019 – \$599.17 million). These assets are the property of the account holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed consolidated financial statements. Olympia earned trust income from the cash portion of the assets held in trust of \$9.25 million for the nine months ended September 30, 2020 (September 30, 2019 – \$8.95 million).

### Private Health Services Plan division (“Health”)

At September 30, 2020, Health held funds in trust of \$12.02 million (December 31, 2019 – \$11.46 million) on behalf of its self-insured private health clients. These assets are the property of the self-insured private health clients and OBI does not maintain effective control over the assets. Therefore,

the assets are not reflected in these condensed consolidated financial statements.

### Currency and Global Payments (“CGP”)

At September 30, 2020, CGP held funds in trust of \$4.64 million (December 31, 2019 – \$3.69 million) for clients who have paid margin requirements on forward foreign exchange contracts, and \$10.64 million (December 31, 2019 – \$12.04 million) of outstanding payments. These assets are the property of the contract holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed consolidated financial statements.

### Corporate and Shareholder Services division (“CSS”)

At September 30, 2020, CSS held funds in trust and outstanding cheques of \$2.35 million (December 31, 2019 – \$15.23 million) for clients who have hired Olympia Trust to provide trustee services, as well as approximately \$1.02 billion of treasury bills held in trust. These assets are the property of the trust clients and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed consolidated financial statements.

## 6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

### Fair value of financial instruments

The fair value of cash and cash equivalents, restricted cash and investments, trade and other receivables, long-term lease receivable, promissory note receivable, trade and other payables, lease liabilities, revolving credit facility and other liabilities and charges approximate their carrying amounts. Derivative financial instruments are measured at fair value through profit or loss. The fair value of all forward foreign exchange contracts is based on current bid prices for their respective terms to maturity in an active market.

### Risks associated with financial instruments

Olympia is exposed to financial risks arising from normal course business operations and its financial assets and liabilities. The financial risks include liquidity risk and market risk relating to foreign currency exchange rates, interest rates and credit risk.

#### (i) Liquidity risk

Liquidity risk is the risk that Olympia will encounter difficulties in meeting its financial obligations. Olympia manages its liquidity risk by keeping surplus cash in liquid investments with a highly rated financial institution. This allows Olympia to earn interest on surplus cash while having access to it within a very short time.

Liquidity risk is associated with Olympia’s credit facility. The credit facility is available to finance day-to-day operations to a maximum principal amount of \$15 million (December 31, 2019 – \$15 million) and bears interest at the Canadian prime rate

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

plus 0.25%. For the nine month period ended September 30, 2020, a balance of \$7.04 million is outstanding (December 31, 2019 – \$6.66 million). Olympia has determined the principal and interest to be current.

Security for the credit facility includes a general security agreement providing a first security interest in all present and subsequently acquired property.

At September 30, 2020	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,127,568	\$ 10,000	\$ -	\$ 2,068	\$ 1,139,636
Other liabilities and charges	2,283,665	-	-	-	2,283,665
Lease liabilities	61,543	76,227	76,608	688,871	903,249
<b>Total</b>	<b>\$ 3,472,776</b>	<b>\$ 86,227</b>	<b>\$ 76,608</b>	<b>\$ 690,939</b>	<b>\$ 4,326,550</b>
At December 31, 2019					
Trade and other payables	\$ 1,388,733	\$ 67,433	\$ -	\$ -	\$ 1,456,166
Other liabilities and charges	1,732,886	-	-	-	1,732,886
Lease liabilities	73,616	73,984	74,353	685,113	907,066
<b>Total</b>	<b>\$ 3,195,235</b>	<b>\$ 141,417</b>	<b>\$ 74,353</b>	<b>\$ 685,113</b>	<b>\$ 4,096,118</b>

As at September 30, 2020, trade and other payables totaled \$1.14 million (December 31, 2019 – \$1.46 million). Olympia continues to meet all of the obligations associated with its financial liabilities.

The liquidity risk relating to derivative financial instruments payable is outlined in the following table:

	September 30, 2020	December 31, 2019
Current	\$ 44,613	\$ 7,766
31 to 60 days	84,052	32,175
61 to 90 days	92,362	11,733
Over 90 days	704,348	605,585
	<b>\$ 925,375</b>	<b>\$ 657,259</b>
Non-current (1- 3 years)	\$ -	\$ 887,020

## (ii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices and is composed of the following:

### Foreign currency exchange risk

Olympia is exposed to changes in foreign exchange rates when, and if, revenues or financial instruments fluctuate because of changing rates. Transactions in the applicable financial market are executed consistent with established risk management policies. Olympia purchases forward contracts whenever it enters into a transaction to buy or sell foreign currency in the future. These contracts are both short term and long term in nature and are in the normal course of business. Management

understands that the currency markets are volatile and therefore subject to higher risk.

Olympia applies the following policy to mitigate the currency risk:

- For forward contracts, a margin of 5% is payable on signature of the contract;
- Olympia sets up a corresponding position with its currency supplier; and
- If market rates vary by 4% or more, the client is required to adjust their margin to match the variance by the end of the trading day.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Olympia's CGP division maintains various foreign currency bank accounts of which Canadian dollar and United States dollar bank accounts are the most significant. It is Olympia Trust's policy to limit the amount of foreign currencies on hand to \$1.50 million to reduce exposure to foreign currency risk.

## Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Olympia is exposed to interest rate risk as the cash flows generated from Olympia's own cash (\$15.21 million) and the cash portion of the off-balance sheet arrangements (\$546.95 million), from which Olympia Trust earns trust income, are held in interest bearing instruments that fluctuate in response to changes in market interest rates.

If the interest rates were to have increased by 1%, it is estimated that Olympia's after-tax earnings for the nine months ended September 30, 2020, would have increased by approximately \$3.23 million (September 30, 2019 – \$3.10 million). A 1% decrease in interest rates would have had an equal but opposite effect. This sensitivity analysis assumes that all other variables remain constant.

## Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in Olympia incurring a financial loss. Given the changing circumstances surrounding the COVID-19 pandemic and the related response from, governments (federal, provincial and municipal), regulatory authorities, businesses and customers, there is inherently more uncertainty associated with counterparties as compared to prior periods.

Olympia continues to monitor and assess the impact of COVID-19 and the emergency measures enacted to contain the spread of the virus and mitigate its economic effects. As such, it is not possible to estimate the impact that the COVID-19 pandemic

will have on the Olympia's credit risk or results of operations in future periods. Before material transactions begin with a new counterparty, the counterparty's creditworthiness is assessed by the CGP division. The assessment practice considers both quantitative and qualitative factors.

Olympia constantly monitors the exposure to any single customer or counterparty along with the financial position of the customer or counterparty. If it is deemed that a customer or counterparty has become materially weaker, Olympia will work to reduce the credit exposure and lower the credit limit allocated. Olympia is exposed to credit risk on its cash and cash equivalents, restricted cash and investments, trade and other receivables, promissory note receivable and derivative financial instruments receivable. The maximum exposure to credit risk of Olympia at the end of the year is the carrying value of cash and cash equivalents, restricted cash and investments, trade and other receivables, promissory note receivable and derivative financial instruments receivable.

- Cash and cash equivalents

Olympia mitigates its exposure to credit risk by maintaining its bank accounts with a highly rated financial institution.

- Restricted cash and investments

Olympia limits its counterparty credit risk on these assets by dealing with reputable counterparties and performing due diligence to assess their creditworthiness.

- Trade and other receivables

Olympia has policies and procedures in place to govern the credit risk it will assume. Trade receivables over 90 days are considered past due. As of September 30, 2020, net trade receivables of \$3.29 million (December 31, 2019 – \$2.83 million) were past due but deemed not impaired. The aging of trade and other receivables is as follows:

	September 30, 2020	December 31, 2019
Current	\$ 492,317	\$ 247,890
31 to 60 days	24,936	19,093
61 to 90 days	33,376	7,337
Over 90 days	4,297,869	3,813,030
Allowance for doubtful accounts	(1,012,113)	(981,584)
	\$ 3,836,384	\$ 3,105,766

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

The allowance for doubtful accounts is based on an account portfolio analysis. Movements on Olympia's provision for impairment of trade receivables are as follows:

	September 30, 2020	December 31, 2019
At January 1	\$ 981,584	\$ 571,363
Increase in provision	375,090	478,930
Receivables written off	(344,561)	(68,709)
Allowance for doubtful accounts	\$ 1,012,113	\$ 981,584

Included within receivables is the current portion of a lease receivable of \$0.05 million recognized based on the present value of sublet property, as required by the newly adopted IFRS 16.

The balance relates to a number of independent clients which Olympia is actively pursuing through its internal collection process. As a result, management considers the outstanding amounts to be recoverable.

The provision for impaired receivables has been included in administrative expenses in the consolidated statements of net earnings and comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

## Derivative financial instruments receivable

The expected maturity relating to derivative financial instruments receivable and foreign exchange contracts is outlined in the following table:

	September 30, 2020	December 31, 2019
Current	\$ 272,064	\$ 11,005
31 to 60 days	668,416	55,658
61 to 90 days	316,221	19,742
Over 90 days	2,404,533	2,090,615
	\$ 3,661,234	\$ 2,177,020
Non-current (1-3 years)	\$ -	\$ 1,840,389

The receivable can all be offset with one counterparty.

## (iii) Capital risk management

Olympia's objectives when managing capital are to safeguard Olympia's ability to continue as a going concern in order to provide returns and benefits to shareholders and to maintain an optimal capital structure to reduce the cost of capital and to meet minimum regulatory capital requirements. In order to maintain or adjust the capital structure, Olympia may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase shares, sell assets or make further use of its credit facility.

## Provision matrix

Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates. The minimum allowance has been calculated based on the provision matrix, and the expected credit loss is as follows:

- less than 90 days: nominal;
- more than 90 days but less than two years past due: \$496,782;
- more than two years but less than three years past due: \$22,535; and
- three or more years past due: \$402,972.

Olympia includes shareholders' equity of \$18.68 million (December 31, 2019 – \$17.93 million) in the definition of capital. Shareholders' equity comprises share capital, contributed surplus, non-controlling interest and retained earnings.

Olympia's main objectives when managing its capital structure are to:

- Maintain sufficient cash and cash equivalents over the short and medium term in order to finance its growth and development, including capital expenditures;

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

- Maintain investor and creditor confidence to sustain future development of the business. Olympia's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations. In managing capital, Olympia estimates its future dividend payments and capital expenditures, which is compared to planned business growth for purposes of sustainability;
- Maintain regulatory capital for Olympia Trust as required by the *Loan and Trust Corporations Act* (Alberta) (\$2 million). Similar regulatory capital is required by legislation in Nova Scotia (\$5 million) and Saskatchewan (\$5 million). Regulatory capital is defined as share capital and retained earnings. Olympia Trust has maintained these minimum capital requirements throughout the nine month period ended September 30, 2020; and
- Maintain compliance with financial covenants, which includes maintaining a minimum equity of \$12 million. The financial covenants are reviewed quarterly, and controls are in place to maintain compliance with the covenants. Olympia complied with its financial covenants for the period ended September 30, 2020.

The capital structure of Olympia is managed and adjusted to reflect changes in economic conditions. Capital structure adjustments could include adjusting the level of dividends and/or issuance or repurchase of common shares. In support thereof, management reviews the financial position of Olympia on a monthly and cumulative basis. Financing decisions are set based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining capital and the amount of operational cash requirements are weighed against the costs associated with excess cash, its terms and availability and whether to issue equity. Olympia works towards managing its capital objectives to the extent possible while facing the challenges of market conditions and the public's assessment of Olympia's risk profile. Olympia's capital management objectives have remained substantively unchanged over the periods presented.

## 7. Lease Liabilities

Olympia recognized lease liabilities on the initial application of IFRS 16, which was implemented on January 1, 2019. The movement of the lease liabilities is shown below:

	September 30, 2020	December 31, 2019
Balance at January 1	\$ 1,945,352	\$ 2,801,728
Lease repayment	(675,930)	(856,376)
Available at the end of the period/year	\$ 1,269,422	\$ 1,945,352

The current portion as at September 30, 2020, is \$0.90 million, with the non-current portion being \$0.37 million. Included under administrative expenses are interest expenses related to the lease liabilities in the amount of \$0.07 million for the nine months ended September 30, 2020.

## 8. OPERATING SEGMENTS

Olympia has six operating segments or divisions, of which five are business segments and offer different products and services and are managed separately because they require different technology and marketing strategies. The Corporate division is a cost centre and earns incidental revenue. For each of the divisions, Olympia's president, chief financial officer and other executive management review internal management reports on a monthly basis.

Segment profit or loss is used to measure performance. Olympia's president and other executive management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within

these industries. Inter-segmental transactions consist mainly of cost recoveries, which are recognized at cost. In addition, reportable segments are managed on a functional basis through regular reporting to the president and other executive management.

Olympia does not disclose a measure of segment assets, because the president and other executive management do not use this information to assess performance and allocate resources. Olympia reports net operating results for all operating segments to the president and other executive management. All other assets and liabilities are reported on a consolidated basis. Costs are allocated to segments based on usage.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## Net operations for the nine months ended September 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue <sup>(1)</sup>	\$ 5,146,354	\$13,451,477	\$ 5,076,024	\$ 751,613	\$ 744,007	\$ 13,435	\$ 25,182,910
Interest revenue and trust income	137,140	9,327,802	67,769	441	27,201	25,893	9,586,246
Direct expenses	(1,058,243)	(74,428)	(710,750)	(68,686)	(55,622)	-	(1,967,729)
	4,225,251	22,704,851	4,433,043	683,368	715,586	39,328	32,801,427
Administrative expenses	(2,718,703)	(14,748,719)	(4,429,331)	(1,106,705)	(1,331,748)	(22,863)	(24,358,069)
Depreciation and amortization	(122,080)	(819,253)	(230,491)	(163,953)	(27,564)	-	(1,363,341)
Other (losses)/gains, net (note 20)	174,000	(811)	277,945	-	-	13,449	464,583
Earnings/(loss) before income taxes	1,558,468	7,136,068	51,166	(587,290)	(643,726)	29,914	7,544,600
Income taxes (expense)/recovery <sup>(2)</sup>	(372,353)	(1,552,443)	(11,131)	53,737	140,042	(65,513)	(1,807,661)
Net earnings/(loss)	\$ 1,186,115	\$ 5,583,625	\$ 40,035	\$ (533,553)	\$ (503,684)	\$ (35,599)	\$ 5,736,939

<sup>(1)</sup> Included in service revenue for the CSS division are fees of \$56,250 for services provided by the EEI division to an external client. These services, while provided by the EEI division are invoiced by the CSS division.

<sup>(2)</sup> No income tax adjustment has been made regarding the elimination of intercompany transactions.

## Net operations for the nine months ended September 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue	\$ 5,876,439	\$13,918,069	\$ 5,938,832	\$ 564,574	\$ 81,880	\$ 8,059	\$26,387,853
Interest revenue and trust income	249,425	9,394,802	187,819	809	1,404	79,493	9,913,752
Direct expenses	(1,251,127)	(45,935)	(1,165,436)	(29,253)	655	-	(2,491,096)
	4,874,737	23,266,936	4,961,215	536,130	83,939	87,552	33,810,509
Administrative expenses	(2,742,328)	(15,291,363)	(5,683,769)	(849,788)	(906,496)	(154,899)	(25,628,643)
Depreciation and amortization	(114,497)	(733,163)	(211,417)	(60,915)	(24,422)	(57)	(1,144,471)
Other (losses)/gains, net (note 20)	13,068	44,280	2,960,599	3,401	-	(1,797)	3,019,551
Earnings/(loss) before income taxes	2,030,980	7,286,690	2,026,628	(371,172)	(846,979)	(69,201)	10,056,946
Income taxes (expense)/recovery <sup>(1)</sup>	(524,399)	(1,929,109)	(536,538)	102,873	224,232	(67,043)	(2,729,984)
Net earnings/(loss)	\$ 1,506,581	\$ 5,357,581	\$ 1,490,090	\$ (268,299)	\$ (622,747)	\$ (136,244)	\$ 7,326,962

<sup>(1)</sup> No income tax adjustment has been made regarding the elimination of intercompany transactions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## Service revenue for the nine months ended September 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 524,523	\$ -	\$ 157,315	\$ 251,567	\$ -	\$ 933,405
Annual administration and health spending account fees	1,086,637	9,434,069	-	-	275,804	-	10,796,510
Monthly and transaction fees	3,645,409	3,442,359	176,445	592,753	216,636	-	8,073,602
Trading profits and losses	-	-	4,849,709	-	-	-	4,849,709
Travel and life insurance brokerage fees	392,801	150	-	-	-	-	392,951
Other	21,507	50,376	49,870	1,545	-	13,435	136,733
<b>Service revenue</b>	<b>\$ 5,146,354</b>	<b>\$13,451,477</b>	<b>\$ 5,076,024</b>	<b>\$ 751,613</b>	<b>\$ 744,007</b>	<b>\$ 13,435</b>	<b>\$25,182,910</b>

## Service revenue for the nine months ended September 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 473,092	\$ -	\$ 206,690	\$ 52,692	\$ -	\$ 732,474
Annual administration and health spending account fees	1,019,273	9,534,261	-	-	24,100	-	10,577,634
Monthly and transaction fees	4,393,375	3,848,771	186,347	360,547	5,088	-	8,794,128
Trading profits and losses	-	-	5,816,115	-	-	-	5,816,115
Travel and life insurance brokerage fees	412,285	100	-	-	-	-	412,385
Other	51,506	61,845	(63,630)	(2,663)	-	8,059	55,117
<b>Service revenue</b>	<b>\$ 5,876,439</b>	<b>\$13,918,069</b>	<b>\$ 5,938,832</b>	<b>\$ 564,574</b>	<b>\$ 81,880</b>	<b>\$ 8,059</b>	<b>\$26,387,853</b>

No one customer represents more than 10% of a division's revenue earned for the period ended September 30, 2020. Revenue earned from one customer in the CGP division represented more than 10% of the CGP division's revenue earned for the period ended September 30, 2019.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## Net operations for the three months ended September 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue <sup>(1)</sup>	\$ 1,689,697	\$ 4,443,430	\$ 1,759,797	\$ 272,831	\$ 260,148	\$ 4,031	\$ 8,429,934
Interest revenue and trust income	29,219	2,839,650	7,065	61	14,933	7,394	2,898,322
Direct expenses	(357,223)	(28,452)	(236,389)	(19,193)	(17,831)	-	(659,088)
	1,361,963	7,254,628	1,530,473	253,699	257,250	11,425	10,669,168
Administrative expenses	(874,803)	(4,766,711)	(1,456,714)	(379,565)	(474,069)	(12,624)	(7,964,486)
Depreciation and amortization	(41,168)	(282,636)	(76,897)	(64,891)	(9,215)	-	(474,807)
Other (losses)/gains, net (note 20)	174,000	(60)	86,495	-	-	11,060	271,495
Earnings/(loss) before income taxes	619,722	2,205,221	83,357	(190,757)	(226,034)	9,861	2,501,370
Income taxes (expense)/recovery <sup>(2)</sup>	(151,610)	(482,839)	(18,114)	34,699	49,436	(16,048)	(584,476)
Net earnings/(loss)	\$ 468,112	\$ 1,722,382	\$ 65,243	\$ (156,058)	\$ (176,598)	\$ (6,186)	\$ 1,916,894

<sup>(1)</sup> Included in service revenue for the CSS division are fees of \$20,375 for services provided by the EEI division to an external client. These services, while provided by the EEI division, are invoiced by the CSS division.

<sup>(2)</sup> No income tax adjustment has been made regarding the elimination of intercompany transactions.

## Net operations for the three months ended September 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue	\$ 1,866,063	\$ 4,780,183	\$ 1,739,945	\$ 237,251	\$ 43,593	\$ 3,217	\$ 8,670,252
Interest revenue and trust income	82,538	3,232,626	79,913	296	442	28,387	3,424,202
Direct expenses	(388,306)	(29,444)	(149,426)	(6,313)	(77)	-	(573,566)
	1,560,295	7,983,365	1,670,432	231,234	43,958	31,604	11,520,888
Administrative expenses	(961,724)	(5,039,171)	(1,652,188)	(333,388)	(315,338)	(24,291)	(8,326,100)
Depreciation and amortization	(38,270)	(246,758)	(100,631)	(20,843)	(8,732)	-	(415,234)
Other (losses)/gains, net (note 20)	14,182	45,522	434,821	(5,811)	-	-	488,714
Earnings/(loss) before income taxes	574,483	2,742,958	352,434	(128,808)	(280,112)	7,313	3,268,268
Income taxes (expense)/recovery <sup>(1)</sup>	(161,904)	(796,055)	(105,266)	31,239	81,241	(23,811)	(974,556)
Net earnings/(loss)	\$ 412,579	\$ 1,946,903	\$ 247,168	\$ (97,569)	\$ (198,871)	\$ (16,498)	\$ 2,293,712

<sup>(1)</sup> No income tax adjustment has been made regarding the elimination of intercompany transactions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## Service revenue for the three months ended September 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 177,600	\$ -	\$ 66,860	\$ 38,049	\$ -	\$ 282,509
Annual administration and health spending account fees	368,848	3,209,451	-	-	123,845	-	3,702,144
Monthly and transaction fees	1,184,420	1,039,700	20,912	205,372	98,254	-	2,548,658
Trading profits and losses	-	-	1,705,463	-	-	-	1,705,463
Travel and life insurance brokerage fees	131,052	25	-	-	-	-	131,077
Other	5,377	16,654	33,422	599	-	4,031	60,083
<b>Service revenue</b>	<b>\$ 1,689,697</b>	<b>\$ 4,443,430</b>	<b>\$ 1,759,797</b>	<b>\$ 272,831</b>	<b>\$ 260,148</b>	<b>\$ 4,031</b>	<b>\$ 8,429,934</b>

## Service revenue for the three months ended September 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 173,100	\$ -	\$ 102,940	\$ 28,580	\$ -	\$ 304,620
Annual administration and Health spending account fees	349,436	3,274,453	-	-	10,850	-	3,634,739
Monthly and transaction fees	1,373,275	1,290,854	39,347	133,937	4,163	-	2,841,576
Trading profits and losses	-	-	1,692,843	-	-	-	1,692,843
Travel and life insurance brokerage fees	135,911	100	-	-	-	-	136,011
Revenue claimed through insurance	7,441	41,676	7,755	374	-	3,217	60,463
<b>Service revenue</b>	<b>\$ 1,866,063</b>	<b>\$ 4,780,183</b>	<b>\$ 1,739,945</b>	<b>\$ 237,251</b>	<b>\$ 43,593</b>	<b>\$ 3,217</b>	<b>\$ 8,670,252</b>

No one customer represents more than 10% of a division's revenue earned for the period ended September 30, 2020. Revenue earned from one customer in the CGP division represented more than 10% of the CGP division's revenue earned for the period ended September 30, 2019.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 9. RESTRICTED CASH AND INVESTMENTS

	September 30, 2020	December 31, 2019
Foreign exchange trading investments collateral provided	\$ 5,300,000	\$ 2,500,000
	\$ 5,300,000	\$ 2,500,000

Restricted cash and investments as at September 30, 2020, of \$5.30 million (December 31, 2019 – \$2.50 million), consist of cash held by financial institutions as collateral for the performance of foreign exchange trading platform obligations. The increase is attributable to the change in global market conditions that required CGP to place further collateral with its trading partners.

Restricted cash and investments are not readily accessible for use in operations and are therefore reported separately from cash and cash equivalents. Olympia used a combination of its own cash reserves and its revolving credit facility to fund the increased collateral requirements.

## 10. CASH AND CASH EQUIVALENTS

Cash at bank and on hand is readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Non-restricted cash in circulation refers to Olympia's foreign exchange cash in ATM cassettes and cash in transit.

	September 30, 2020	December 31, 2019
Cash at bank and on hand	\$ 14,375,986	\$ 13,080,249
Non-restricted cash in circulation	833,828	673,840
	\$ 15,209,814	\$ 13,754,089

## 11. REVOLVING CREDIT FACILITY

As at September 30, 2020, Olympia has drawn \$7.04 million (December 31, 2019 – \$6.66 million) on its established credit facility. On March 15, 2019, Olympia increased the credit facility amount from \$8.5 million to \$15 million. Amounts drawn in the current year have been used primarily to facilitate the additional trading collateral requirements for the CGP division and to finance the growth of the Exempt Edge division.

covenants, including maintaining specific security, maintaining a specific financial ratio, and maintaining a total equity of \$12 million. The financial ratio is a quarterly cash flow coverage ratio of not less than 1.50:1. At September 30, 2020, Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 1.69:1 (December 31, 2019 – 1.99:1). Total equity as at September 30, 2020 was \$18.68 million, compared to total equity of \$17.93 million at December 31, 2019. As at September 30, 2020, Olympia was in compliance with all covenants.

During the period ended September 30, 2020, the credit facility was amended to divide the facility between Olympia and Olympia Trust. The new agreement provides Olympia with a \$9 million facility and Olympia Trust with a \$6 million facility.

Security for the credit facility includes a general security agreement providing a first security charge over all present and after acquired property.

The credit facility in place has a maximum amount of \$15 million (December 31, 2019 – \$15 million) which can be drawn and bears interest at the Canadian prime rate plus 0.25%. The credit facility will be reviewed quarterly based on these financial statements.

On May 16, 2016, Olympia Trust entered into a contingent credit facility to be used only by the CGP division. The contingent credit facility had a maximum of \$5 million, which was only to be used to enter into spot, forward or foreign exchange transactions with the issuing financial institution. During the year ended December 31, 2019, the agreement has been replaced with a new demand credit facility with a US\$6 million limit.

The credit facility is subject to certain covenants and other limitations that, if breached, could cause a default, which might result in a requirement for immediate repayment of all amounts outstanding. The credit facility contains a number of affirmative

As at September 30, 2020, no amounts have been drawn on this facility.

Credit Facility	September 30, 2020	December 31, 2019
Available balance at January 1	\$ 15,000,000	\$ 15,000,000
Drawn	(7,039,785)	(6,655,347)
Available at the end of the period/year	\$ 7,960,215	\$ 8,344,653

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at September 30, 2020	Notional amount as at September 30, 2020	Fair value as at December 31, 2019	Notional amount as at December 31, 2019
Current assets	\$ 3,661,234	\$ 165,842,377	\$ 2,177,020	\$ 63,680,730
Non-current assets (1–3 years)	\$ -	\$ -	\$ 1,840,389	\$ 78,426,150
Current liabilities	\$ 925,375	\$ 83,723,286	\$ 657,259	\$ 30,131,773
Non-current liabilities (1–3 years)	\$ -	\$ -	\$ 887,020	\$ 33,447,904

Olympia Trust has entered into foreign exchange contracts with its customers and currency suppliers. The expiry dates of the above derivatives vary between October 1, 2020, and August 31, 2021. As a result, a portion of the foreign exchange contracts is classified as non-current.

Forward foreign exchange contracts are measured at fair value through profit or loss based on contractual maturities and are presented at their fair value on the balance sheet. Changes in fair values of forward foreign exchange contracts are recorded in “Other gains, net” in the condensed consolidated interim statements of net earnings and comprehensive income. The fair value of all forward foreign exchange contracts is based on

current bid prices for their respective remaining terms to maturity in an active market. As at September 30, 2020, Olympia has margins held in Canadian dollars of \$4.64 million (December 31, 2019 – \$3.69 million).

For the period ended September 30, 2020, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

The following table presents Olympia’s derivative financial assets and liabilities measured at fair value and categorized by level according to the significance of the inputs used in making these measurements:

### Recurring measurements

	September 30, 2020	Level 1	Level 2	Level 3
Financial assets – derivative financial instruments	\$ 3,661,234	\$ -	\$ 3,661,234	\$ -
Financial liabilities – derivative financial instruments	(925,375)	-	(925,375)	-
	\$ 2,735,859	\$ -	\$ 2,735,859	\$ -

### Recurring measurements

	December 31, 2019	Level 1	Level 2	Level 3
Financial assets – derivative financial instruments	\$ 4,017,409	\$ -	\$ 4,017,409	\$ -
Financial liabilities – derivative financial instruments	(1,544,278)	-	(1,544,278)	-
	\$ 2,473,131	\$ -	\$ 2,473,131	\$ -

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 13. EQUIPMENT AND OTHER

September 30, 2020	Leasehold improvements	Computers & equipment	Furniture & fixtures	FX ATM equipment	Total
<b>Cost</b>					
At beginning of year	\$ 3,031,703	\$ 614,164	\$ 970,527	\$ 295,422	\$ 4,911,816
Additions	14,869	123,896	15,556	7,090	161,411
Disposals	-	-	(2,000)	(14,500)	(16,500)
<b>At end of period</b>	<b>\$ 3,046,572</b>	<b>\$ 738,060</b>	<b>\$ 984,083</b>	<b>\$ 288,012</b>	<b>\$ 5,056,727</b>
<b>Accumulated depreciation</b>					
At beginning of year	\$ 2,519,657	\$ 338,952	\$ 788,269	\$ 143,983	\$ 3,790,861
Disposals	-	-	(835)	(9,805)	(10,640)
Depreciation charge for the period	165,457	113,673	51,248	43,771	374,149
<b>At end of period</b>	<b>\$ 2,685,114</b>	<b>\$ 452,625</b>	<b>\$ 838,682</b>	<b>\$ 177,949</b>	<b>\$ 4,154,370</b>
<b>Closing net book value</b>	<b>\$ 361,458</b>	<b>\$ 285,435</b>	<b>\$ 145,401</b>	<b>\$ 110,063</b>	<b>\$ 902,357</b>

December 31, 2019	Leasehold improvements	Computers & equipment	Furniture & fixtures	FX ATM equipment	Total
<b>Cost</b>					
At beginning of year	\$ 3,226,243	\$ 643,135	\$ 1,110,517	\$ 294,449	\$ 5,274,344
Additions	61,905	200,548	91,887	973	355,313
Disposals	(256,445)	(229,519)	(231,877)	-	(717,841)
<b>At end of year</b>	<b>\$ 3,031,703</b>	<b>\$ 614,164</b>	<b>\$ 970,527</b>	<b>\$ 295,422</b>	<b>\$ 4,911,816</b>
<b>Accumulated depreciation</b>					
At beginning of year	\$ 2,567,485	\$ 434,987	\$ 947,377	\$ 84,962	\$ 4,034,811
Disposals	(256,445)	(216,989)	(231,613)	-	(705,047)
Depreciation charge for the year	208,617	120,954	72,505	59,021	461,097
<b>At end of year</b>	<b>\$ 2,519,657</b>	<b>\$ 338,952</b>	<b>\$ 788,269</b>	<b>\$ 143,983</b>	<b>\$ 3,790,861</b>
<b>Closing net book value</b>	<b>\$ 512,046</b>	<b>\$ 275,212</b>	<b>\$ 182,258</b>	<b>\$ 151,439</b>	<b>\$ 1,120,955</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 14. INTANGIBLE ASSETS

September 30, 2020	Internally generated software	Computer software	ATM processing contracts	Other	Total
<b>Cost</b>					
At beginning of year	\$ 2,373,033	\$ 1,719,246	\$ -	\$ 27,305	\$ 4,119,584
Additions	312,042	12,078	-	-	324,120
<b>At end of period</b>	<b>\$ 2,685,075</b>	<b>\$ 1,731,324</b>	<b>\$ -</b>	<b>\$ 27,305</b>	<b>\$ 4,443,704</b>
<b>Accumulated depreciation</b>					
At beginning of year	\$ 647,631	\$ 697,753	\$ -	\$ 25,986	\$ 1,371,370
Amortization charge for the period	299,944	288,521	-	550	589,015
<b>At end of period</b>	<b>\$ 947,575</b>	<b>\$ 986,274</b>	<b>\$ -</b>	<b>\$ 26,536</b>	<b>\$ 1,960,385</b>
<b>Closing net book value</b>	<b>\$ 1,737,500</b>	<b>\$ 745,050</b>	<b>\$ -</b>	<b>\$ 769</b>	<b>\$ 2,483,319</b>

December 31, 2019	Internally generated software	Computer software	ATM processing contracts	Other	Total
<b>Cost</b>					
At beginning of year	\$ 2,110,319	\$ 1,647,523	\$ 943,968	\$ 27,305	\$ 4,729,115
Additions	279,454	503,165	-	-	782,619
Disposals	(16,740)	(431,442)	(943,968)	-	(1,392,150)
<b>At end of year</b>	<b>\$ 2,373,033</b>	<b>\$ 1,719,246</b>	<b>\$ -</b>	<b>\$ 27,305</b>	<b>\$ 4,119,584</b>
<b>Accumulated depreciation</b>					
At beginning of year	\$ 408,450	\$ 851,575	\$ 943,968	\$ 16,860	\$ 2,220,853
Amortization charge for the year	255,921	277,620	-	9,126	542,667
Disposals	(16,740)	(431,442)	(943,968)	-	(1,392,150)
<b>At end of year</b>	<b>\$ 647,631</b>	<b>\$ 697,753</b>	<b>\$ -</b>	<b>\$ 25,986</b>	<b>\$ 1,371,370</b>
<b>Closing net book value</b>	<b>\$ 1,725,402</b>	<b>\$ 1,021,493</b>	<b>\$ -</b>	<b>\$ 1,319</b>	<b>\$ 2,748,214</b>

### Additions

The capital additions of \$0.28 million relates to the continued development and enhancement of the various systems by the Exempt Edge division and the continued development of the Registered Plans division's mobile application.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 15. RIGHT-OF-USE ASSETS

	September 30, 2020	December 31, 2019
Balance at January 1	\$ 1,073,064	\$ 1,606,986
Depreciation	(400,178)	(533,922)
Available at the end of the period/year	\$ 672,886	\$ 1,073,064

The right-of-use leased assets recognition is related to the adoption of IFRS 16 and is depreciated over the term of the leases.

## 16. TRADE AND OTHER PAYABLES

	September 30, 2020	December 31, 2019
Trade payables	\$ 298,078	\$ 826,597
Agents and commissions payable	147,002	188,118
Amounts due to related parties	141,184	126,380
Government taxes and other payables	553,372	315,071
	\$ 1,139,636	\$ 1,456,166

The decrease in Trade payables, when compared to the year ended December 31, 2019, is due to the timing of vendor invoices billed on an annual basis, primarily at year end.

Amounts related to these charges are accrued throughout the year as Other Liabilities and Charges.

## 17. DEFERRED REVENUE

	September 30, 2020	December 31, 2019
Annual registered plan services administration fees	\$ 3,233,369	\$ 950
Annual health spending account fee	504,284	463,042
Annual corporate & shareholder services retainer fees	40,458	22,663
	\$ 3,778,111	\$ 486,655

At September 30, 2020, deferred revenue totaled \$3.78 million compared to \$0.49 million as at December 31, 2019. This is comprised of annual fees that have been received by the Health division, the CSS division, and the RRSP division. The unearned

portion of these annual fees is recognized as deferred revenue at the time of billing and revenue is recognized on a straight-line basis in relation to Olympia rendering these services.

## 18. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2020	2,406,336	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Balance at September 30, 2020	2,406,336	\$ 7,886,989	\$ 86,373	\$ 7,973,362

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2019	2,406,352	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Share repurchased and cancelled	(16)	\$ -	\$ -	\$ -
Balance at September 30, 2019	2,406,336	\$ 7,886,989	\$ 86,373	\$ 7,973,362

Olympia is authorized to issue an unlimited number of common shares without nominal or par value. (December 31, 2019 – unlimited common shares). All issued shares are fully paid.

## 19. INCOME TAXES

a) The significant components which give rise to deferred income tax assets and liabilities are as follows:

	September 30, 2020	December 31, 2019
Bad debts provision and other	\$ 461,686	\$ 501,728
Non-capital losses	653,250	595,604
Carrying amount of equipment higher than the tax basis	(418,799)	(311,132)
	\$ 696,137	\$ 786,200

b) Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The average annual rate used for the period ended September 30, 2020 was 24% (December 31, 2019 – 26.5%).

	September 30, 2020	September 30, 2019
Earnings from continuing operations before income tax	\$ 7,544,600	\$ 10,056,946
Anticipated income tax expense	1,810,704	2,665,091
Non-deductible expenses	14,670	36,010
Adjustment in respect of prior years	(90,942)	5,760
Other	2,234	-
Remeasurement of deferred tax-change in provincial tax rate	70,995	23,123
	\$ 1,807,661	\$ 2,729,984
Current tax expense	\$ 1,717,598	\$ 2,407,850
Deferred tax recovery	90,063	322,134
Total	\$ 1,807,661	\$ 2,729,984

## 20. OTHER GAINS, NET

	September 30, 2020	September 30, 2019
Unrealized foreign exchange (gain)/loss	\$ (262,730)	\$ (2,187,732)
Loss on disposal of assets and other	(27,853)	5,713
Canada Emergency Wage Subsidy (CEWS)	(174,000)	-
Insurance settlement	-	(837,532)
	\$ (464,583)	\$ (3,019,551)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 21. EARNINGS PER SHARE

### Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Olympia by the weighted average number of common shares in issue during the period.

<b>Nine months ended</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Total net earnings	\$ 5,843,650	\$ 7,380,622
Weighted average number of shares (basic and diluted)	2,406,336	2,406,343
Basic and diluted earnings per share	\$ 2.43	\$ 3.07

<b>Three months ended</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Total net earnings	\$ 1,948,105	\$ 2,313,226
Weighted average number of shares (basic and diluted)	2,406,336	2,406,336
Basic and diluted earnings per share	\$ 0.81	\$ 0.96

## 22. DIVIDENDS PER SHARE

The aggregate dividends declared and paid for the nine months amounted to \$4.98 million (September 30, 2019 – \$4.84 million)

## 23a. CHANGES IN NON-CASH WORKING CAPITAL

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Trade & other receivables	\$ (728,587)	\$ (1,341,308)
Current taxes receivable	-	(135,397)
Current taxes payable	(75,452)	(5,637)
Prepaid expenses	222,652	(84,668)
Promissory Note receivable	-	13,718
Inventory	7,090	(7,391)
Trade & other payables	(316,526)	(103,056)
Deferred revenue	3,291,455	3,386,951
Other liabilities & charges	550,779	1,072,603
	\$ 2,951,411	\$ 2,795,815

## 23b. NON-CASH FINANCING AND INVESTING ACTIVITIES

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Lease receivable resulting from IFRS 16	\$ -	\$ 141,208
Lease liability resulting from IFRS 16	\$ -	\$ 282,106
	\$ -	\$ 423,314

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

## 24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	December 31, 2019		Cash flows		September 30, 2020	
Revolving credit facility	\$	6,655,347	\$	384,438	\$	7,039,785
	\$	6,655,347	\$	384,438	\$	7,039,785

## 25. CONTINGENCIES

Olympia is not a money lender nor does it guarantee or participate in loans or mortgages of any type, except in its capacity as trustee of conventional and syndicated mortgages.

Olympia is defendant and plaintiff in a number of legal actions that arise in the normal course of business, the losses or gains from which, if any, are not anticipated to have a material effect on the consolidated financial statements.

## 26. RELATED PARTY TRANSACTIONS

Olympia's president and CEO owns and controls 29.48% of Olympia's shares. During the year, Olympia entered into transactions with the following related parties:

- Companies and businesses controlled by the president and CEO of Olympia;
- Companies and businesses associated with the directors of Olympia;

- Companies and businesses controlled by management of Olympia;
- Family members of the president, management and directors; and
- Key management and directors.

The following transactions with related parties were measured at the exchange amount, which is the amount of consideration agreed to by the parties:

Service revenue	September 30, 2020		September 30, 2019	
Companies and businesses controlled by the president and CEO	\$	23,340	\$	6,034
	\$	23,340	\$	6,034

Service revenue from associated entities totaled \$23,340 for the nine months ended September 30, 2020 (September 30, 2019 – \$6,034). This mainly consisted of revenue from legal services provided by Olympia's in-house general counsel to Tarman, a company controlled by the president and CEO, as well as sublease income (\$18,000) from Exempt Experts Inc., a company controlled by the president and CEO.

Interest revenue	September 30, 2020		September 30, 2019	
Companies and businesses controlled by the president and CEO	\$	31,719	\$	43,979
	\$	31,719	\$	43,979

Interest revenue from associated entities totaled \$31,719 for the three months ended September 30, 2020, (September 30, 2019 – \$43,979), and consists of interest earned from the promissory note receivable.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

<b>Administrative expenses</b>	<b>September 30, 2020</b>	September 30, 2019
Companies and businesses controlled by the president and CEO (management fee)	\$ 2,385,520	\$ 2,763,210
Olympia Charitable Foundation	\$ 53,285	\$ 53,223
Companies and businesses controlled by the president and CEO	5,340	-
	<b>\$ 2,444,145</b>	<b>\$ 2,816,433</b>

Administrative expenses paid to associated entities totaled \$2.44 million for the three months September 30, 2020 (September 30, 2019 – \$2.82 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia's matched donation totaled \$53,285 for the nine months ended September 30, 2020 (September 30, 2019 – \$53,233).
- Management fees are paid to Tarman based on a percentage of pre-tax profits of Olympia's divisions, except for the Private

Health Services Plan division, where the management fee is based on a percentage of health claims administered. These fees are for services provided as president and CEO of Olympia. For the nine months ended September 30, 2020, this amounted to \$2.39 million (September 30, 2019 – \$2.76 million).

- Fees paid to Olympia ATM Ltd., a company owned and controlled by Olympia's president and CEO, of \$5,340 relate to maintenance services provided for Olympia's Foreign Exchange ATMs.

<b>Trade and other receivables include amounts receivable from related parties</b>	<b>September 30, 2020</b>	December 31, 2019
Companies and businesses controlled by the president and CEO (current)	\$ 35,672	\$ 49,966
Companies and businesses controlled by directors (non-current)	1,260,000	1,400,000
	<b>\$ 1,295,672</b>	<b>\$ 1,449,966</b>

Receivables from associated entities totaled \$1.30 million for the nine months ended September 30, 2020 (December 31, 2019 – \$1.45 million) and consisted mainly of the following:

- A receivable in the amount of \$29,648 (December 31, 2019 – \$34,421) from Tarman, a company controlled by Olympia's president and CEO, reflects legal services provided and cost recoveries relating to accounting and other administration services provided.
- A receivable in the amount of \$6,025 (December 31, 2019 – \$15,545) from Olympia ATM Ltd., a company controlled by the president and CEO of Olympia, for expense recoveries relating to accounting and other administrative services provided.
- On June 5, 2018, Olympia announced the sale to Tarman ATM Inc. ("Tarman") of the ATM business operated by Olympia ATM Inc., as a going concern, for an amount equal to the then current net book value of all assets used in the ATM business less all assumed liabilities; an amount estimated to be \$1.4 million.

The sale of the ATM business to Tarman, a corporation owned and controlled by Rick Skauge, was a related party transaction, as defined in Multilateral Instrument 61-101 – *Protection of*

*Minority Security Holders in Special Transactions*, but was exempted from Olympia obtaining disinterested shareholder approval and a formal valuation as the fair market value of the proposed transaction was less than 25% of Olympia's market capitalization.

An ad hoc committee composed solely of the independent members of Olympia's Board of Directors was constituted to consider and approve the sale of the ATM business to Tarman. As part of its deliberations, the ad hoc committee of the Board of Directors noted the continuing losses of approximately \$120,000 per month in the ATM Business and acknowledged that while the ATM business still had the potential to grow and expand, it was unlikely to become profitable in the near future. Given the immediate financial benefits that the sale of the ATM business would have for Olympia and the uncertain timelines to profitability, the ad hoc committee believed the sale of the ATM business to be in the best interest of Olympia. The ad hoc committee of the Board of Directors obtained a fairness comfort letter stating that the proposed transaction was fair to the disinterested shareholders of Olympia. In addition, following the public disclosure of the transaction, Olympia received an unsolicited expression of interest in the ATM business from a third party. Olympia permitted the third party to conduct a due diligence review and valuation of the ATM business and received

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

an offer to purchase the ATM business from the third party that was economically comparable to the offer made by Tarman.

In conjunction with the sale of substantially all assets of Olympia ATM Inc. in 2018, the purchase price paid by Tarman was equal to the aggregate net book value of the assets used by the ATM division. The assets' book value at June 5, 2018, was estimated to be \$1.40 million. The purchase price was paid by the delivery of a secured demand promissory note ("the promissory note") for \$1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year.

Subject to Canadian Western Bank's consent, which Olympia has obtained, commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of \$140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023. As at September 30, 2020, the first installment of \$140,000 has been repaid together with all accrued interest.

Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

<b>Trade and other payables and provision for other liabilities and charges include amounts payable to related parties</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Companies and businesses controlled by the president and CEO	\$ 105,437	\$ 151,939
Directors' fees	111,610	83,291
	<b>\$ 217,047</b>	<b>\$ 235,230</b>

Payables to associated entities totaled \$217,047 for the nine months ended September 30, 2020 (December 31, 2019 – \$235,230), and consisted mainly of the following:

- A payable in the amount of \$26,946 (December 31, 2019 – \$39,994) to Tarman, a company controlled by the president and CEO of Olympia, for commissions related to the sale of health plans offered by OBI.
- A payable in the amount of \$2,364 (December 31, 2019 – \$3,095) to Olympia ATM Ltd, a company controlled by the president and CEO of Olympia, for services provided to maintain foreign exchange ATMs.

- A management fee payable in the amount of \$75,864 (December 31, 2019 – \$108,850) to Tarman, a company controlled by the president and CEO of Olympia, based on a percentage of pre-tax profits of Olympia's divisions.
- A payable for directors' fees of \$111,610 (December 31, 2019 – \$83,291).

These payables are all current.



# CORPORATE INFORMATION

## Directors

Rick Skauge  
Craig Skauge  
Brenda Eprile<sup>2</sup>  
Brian Newman<sup>1 2 3 4</sup>  
Diana Wolfe<sup>1 2 3 4</sup>  
Gerard Janssen<sup>1 2 3 4</sup>  
Tony Balasubramanian

## Board Committees

<sup>1</sup> Audit Committee  
<sup>2</sup> Corporate Governance Committee  
<sup>3</sup> Executive Compensation Committee  
<sup>4</sup> Investment Committee

## Head Office

2300, 125 – 9th Avenue SE  
Calgary, AB T2G 0P6  
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Fax: 403-265-1455  
[www.olympiafinancial.com](http://www.olympiafinancial.com)  
[info@olympiafinancial.com](mailto:info@olympiafinancial.com)

## Transfer Agent

Olympia Trust Company  
2300, 125 – 9th Avenue SE  
Calgary, AB T2G 0P6  
Tel: 587-774-2340  
Fax: 403-668-8307

## Auditors

PricewaterhouseCoopers LLP  
Chartered Professional Accountants  
Suite 3100, 111 – 5th Avenue SW  
Calgary, AB T2P 5L3

# THE EXECUTIVE TEAM



**RICK SKAUGE**

President and Chief Executive Officer



**CRAIG SKAUGE**

Executive Vice President and President, Olympia Trust Company President, Exempt Edge Inc.



**GERHARD BARNARD**

Chief Financial Officer and Vice President, Finance



**ROBIN FRY**

Chief Executive Officer, Olympia Benefits Inc.



**KEN FRY**

President, Olympia Benefits Inc.



**NEIL MCCULLAGH**

Vice President, Currency and Global Payments



**ANDREA GILLIS**

Vice President, Securities Registered Plans



**KELLY REVOL**

Vice President, Mortgages Registered Plans



**STEPHEN PRESTON**

Vice President, Exempt Edge Inc.



**DEAN NAUGLER**

Vice President, Corporate and Shareholder Services



**JONATHAN BAHNUIK**

General Counsel



**RYAN MCKENNA**

Vice President, Information Technology



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