



Q2 2020 REPORT

FINANCIAL STATEMENTS

2020

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MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the second periods ended June 30, 2020 and June 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 Audit Committee, on behalf of the Board of Directors, has reviewed and approved the accompanying unaudited condensed consolidated interim financial statements for the periods ended June 30, 2020, and June 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, the statements must be accompanied by a notice indicating that they 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, August 12, 2020

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (Unaudited)

(\$)	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash & cash equivalents (note 10)	\$ 20,140,689	\$ 13,754,089
Trade & other receivables (note 6)	4,569,910	3,105,766
Inventory	56,518	56,518
Prepaid expenses	1,326,700	1,270,284
Derivative financial instruments (notes 6 and 12)	3,709,127	2,177,020
Current tax receivable	211,369	-
Total current assets	30,014,313	20,363,677
Non-current assets		
Restricted cash & investments (note 9)	6,600,000	2,500,000
Equipment & other (note 13)	1,001,599	1,120,955
Intangible assets (note 14)	2,638,322	2,748,214
Right of use asset (note 15)	806,103	1,073,064
Financial asset at fair value through other comprehensive income	37,012	38,574
Long-term lease receivable (note 6)	38,651	55,156
Promissory note receivable (note 4)	1,260,000	1,400,000
Derivative financial instruments (notes 6 and 12)	276,829	1,840,389
Deferred tax assets (note 19)	626,721	786,200
Total non-current assets	13,285,237	11,562,552
Total assets	\$ 43,299,550	\$ 31,926,229
LIABILITIES		
Current liabilities		
Trade & other payables (notes 6 and 16)	\$ 1,381,667	\$ 1,456,166
Deferred revenue (note 17)	6,880,303	486,655
Other liabilities & charges	1,793,703	1,732,886
Revolving credit facility (notes 11 and 24)	11,981,126	6,655,347
Lease liabilities (note 7)	916,565	907,066
Derivative financial instruments (notes 6 and 12)	1,156,659	657,259
Current tax liability	-	176,795
Total current liabilities	24,110,023	12,072,174
Lease liabilities (note 7)	581,541	1,038,286
Derivative financial instruments (notes 6 and 12)	179,932	887,020
Total liabilities	\$ 24,871,496	\$ 13,997,480
EQUITY		
Share capital (note 18)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 18)	86,373	86,373
Retained earnings	10,739,399	10,164,595
Equity attributable to owners of Olympia	18,712,761	18,137,957
Non-controlling interests	(284,707)	(209,208)
Total equity	18,428,054	17,928,749
Total equity & liabilities	\$ 43,299,550	\$ 31,926,229

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

August 12, 2020

Signed Brian Newman

Brian Newman, CPA, CA

Director

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

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue				
Service revenue (note 8)	\$ 16,752,976	\$ 18,106,813	\$ 7,910,421	\$ 9,187,587
Trust income (note 8)	6,488,152	5,930,716	3,160,438	3,038,813
Interest (note 8)	199,773	558,834	62,702	402,453
	23,440,901	24,596,363	11,133,561	12,628,853
Expenses				
Direct expenses (note 8)	1,308,641	1,917,530	569,470	792,685
Administrative expenses (note 8)	16,393,583	17,273,307	7,968,594	8,381,855
Depreciation and amortization (notes 8, 13, 14 and 15)	888,535	758,472	473,740	381,194
Other (gains)/losses, net (notes 8 and 20)	(193,088)	(2,141,624)	232	73,705
	18,397,671	17,807,685	9,012,036	9,629,439
Earnings before income tax	5,043,230	6,788,678	2,121,525	2,999,414
Income tax expense (notes 8 and 19)				
Current	1,063,705	1,669,121	392,116	759,657
Deferred tax expense	159,480	86,307	52,745	(54,770)
Total income tax expense	1,223,185	1,755,428	444,861	704,887
Net earnings and comprehensive income attributable to:				
Shareholders of Olympia	\$ 3,895,544	\$ 5,067,396	\$ 1,719,018	\$ 2,314,622
Non-controlling interests	\$ (75,499)	\$ (34,146)	\$ (42,354)	\$ (20,095)
Net earnings and comprehensive income for the period	\$ 3,820,045	\$ 5,033,250	\$ 1,676,664	\$ 2,294,527
Earnings per share attributable to shareholders of Olympia				
Basic and diluted (note 21)	\$ 1.62	\$ 2.11	\$ 0.71	\$ 0.97

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
Balance at January 1, 2019	\$ 7,886,989	\$ 86,373	\$ 7,214,540	\$ (107,035)	\$ 15,080,867
Adjustment on initial adoption of IFRS 16	-	-	19,977	-	19,977
Adjusted balance as at January 1, 2019	\$ 7,886,989	\$ 86,373	\$ 7,234,517	\$ (107,035)	\$ 15,100,844
Share issuance	-	-	(800)	-	(800)
Net earnings and comprehensive income	-	-	5,067,396	(34,146)	5,033,250
Dividends (note 22)	-	-	(3,176,367)	-	(3,176,367)
Balance at June 30, 2019	\$ 7,886,989	\$ 86,373	\$ 9,124,746	\$ (141,181)	\$ 16,956,927
Balance at January 1, 2020	\$ 7,886,989	\$ 86,373	\$ 10,164,595	\$ (209,208)	\$ 17,928,749
Net earnings and comprehensive income	-	-	3,895,544	(75,499)	3,820,045
Dividends (note 22)	-	-	(3,320,740)	-	(3,320,740)
Balance at June 30, 2020	\$ 7,886,989	\$ 86,373	\$ 10,739,399	\$ (284,707)	\$ 18,428,054

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

SIX MONTHS ENDED JUNE 30	2020	2019
Cash flows from operating activities		
Net earnings from operations	\$ 3,820,045	\$ 5,033,250
Items not affecting cash		
Depreciation of equipment & other (note 13)	245,835	222,194
Amortization of intangible assets (note 14)	375,739	269,317
Amortization of right of use asset (note 15)	266,961	266,961
Other	(18,827)	7,358
Loss on disposal of assets	1,165	4,831
Deferred income taxes recovery	159,480	86,307
Foreign exchange gain (note 20)	(176,234)	(2,146,455)
Changes in non-cash working capital balances (note 23a)	4,487,746	3,820,018
Net cash from operating activities	9,161,910	7,563,781
Cash flows from investing activities		
Purchase of equipment & other (note 13)	(129,062)	(110,815)
Purchase of intangible assets (note 14)	(265,847)	(382,268)
Purchase of restricted investment for collateral, net (note 9)	(4,100,000)	(3,555,000)
Net cash from investing activities	(4,494,909)	(4,048,083)
Cash flows from financing activities		
Borrowing on revolving credit facility (note 24)	5,325,779	5,098,000
Repayment of Promissory Note Receivable (note 4)	140,000	-
Receipt of lease receivable	21,806	20,559
Payment of lease liabilities (note 7)	(447,246)	(421,305)
Dividends (note 22)	(3,320,740)	(3,176,367)
Net cash from financing activities	1,719,599	1,520,887
Net change in cash position	6,386,600	5,036,585
Cash, beginning of period	13,754,089	12,834,906
Cash, end of period	\$ 20,140,689	\$ 17,871,491
Cash is represented by:		
Cash & cash equivalents (note 10)	\$ 20,140,689	\$ 17,871,491
	\$ 20,140,689	\$ 17,871,491
Other information for operations		
Interest earned and received as trustee	\$ 5,288,350	\$ 5,936,935
Interest received	\$ 180,755	\$ 880,478
Income taxes paid	\$ 1,290,000	\$ 2,265,261
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 six months ended June 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 International Financial Reporting Standards (“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 Audit Committee, on behalf of the Board of Directors, on August 12, 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 six months ended June 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 June 30, 2020, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of \$4.49 billion (December 31, 2019 - \$4.38 billion) plus cash, public securities, term deposits, and outstanding cheques with an estimated fair value of \$590.74 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 \$6.49 million for the six months ended June 30, 2020 (June 30, 2019 - \$5.93 million).

Private Health Services Plan division (“Health”)

At June 30, 2020, Health held funds in trust of \$12.04 million (December 31, 2019 - \$11.46 million) on behalf of its self-insured private health clients. These assets are the property of the plan holders 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 division (“CGP”)

At June 30, 2020, CGP held funds in trust of \$4.58 million (December 31, 2019 - \$3.69 million) for clients who have paid margin requirements on forward foreign exchange contracts, and \$16.73 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 June 30, 2020, CSS held funds in trust and outstanding cheques of \$4.74 million (December 31, 2019 - \$15.23 million) for clients who have hired Olympia Trust to provide trustee services, as well as approximately \$1.10 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.

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 plus 0.25%. For the six month period ended June 30, 2020, a balance of \$11.98 million is outstanding (December 31, 2019 - \$6.66 million). Olympia has determined the principal and interest to be current.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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

subsequently acquired property.

At June 30, 2020	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,379,898	\$ 1,013	\$ -	\$ 756	\$ 1,381,667
Other liabilities and charges	1,793,703	-	-	-	1,793,703
Lease liabilities	74,859	76,227	76,608	688,871	916,565
Total	\$ 3,248,460	\$ 77,240	\$ 76,608	\$ 689,627	\$ 4,091,935

At December 31, 2019	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
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
Total	\$ 3,195,235	\$ 141,417	\$ 74,353	\$ 685,113	\$ 4,096,118

As at June 30, 2020, trade and other payables totaled \$1.38 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:

	June 30, 2020	December 31, 2019
Current	\$ 25,638	\$ 7,766
31 to 60 days	92,816	32,175
61 to 90 days	68,652	11,733
Over 90 days	969,553	605,585
	\$ 1,156,659	\$ 657,259
Non-current (1- 3 years)	\$ 179,932	\$ 887,020

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 (\$20.20 million) and the cash portion of the off-balance sheet arrangements (\$521.64 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 six months ended June 30, 2020, would have increased by approximately \$2.08 million (June 30, 2019 – \$2.05 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 June 30, 2020, net trade receivables of \$4.12 million (December 31, 2019 – \$2.83 million) were past due but deemed not impaired. The aging of trade and other receivables is as follows:

	June 30, 2020	December 31, 2019
Current	\$ 411,184	\$ 247,890
31 to 60 days	-	19,093
61 to 90 days	41,109	7,337
Over 90 days	5,044,975	3,813,030
Allowance for doubtful accounts	(927,358)	(981,584)
	\$ 4,569,910	\$ 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:

	June 30, 2020	December 31, 2019
At January 1	\$ 981,584	\$ 571,363
Increase in provision	157,665	478,930
Receivables written off	(211,891)	(68,709)
Allowance for doubtful accounts	\$ 927,358	\$ 981,584

Included within receivables is the current portion of a lease receivable of \$0.14 million recognized based on the present value of sublet property, as required by IFRS 16.

The balance relates to a number of independent clients that 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.

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: \$704,804;
- more than two years but less than three years past due: \$381,142; and
- three or more years past due: \$27,130.

Derivative financial instruments receivable

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

	June 30, 2020	December 31, 2019
Current	\$ 37,365	\$ 11,005
31 to 60 days	178,682	55,658
61 to 90 days	190,863	19,742
Over 90 days	3,302,217	2,090,615
	\$ 3,709,127	\$ 2,177,020
Non-current (1-3 years)	\$ 276,829	\$ 1,840,389

The receivable can all be offset with one counterparty.

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.

Olympia includes shareholders' equity of \$18.43 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 six month period ended June 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 June 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:

	June 30, 2020	December 31, 2019
Balance at January 1	\$ 1,945,352	\$ 2,801,728
Lease repayment	(447,246)	(856,376)
Available at the end of the period/year	\$ 1,498,106	\$ 1,945,352

The current portion as at June 30, 2020, is \$0.92 million (December 31, 2019 - \$0.91 million), with the non-current portion being \$0.58 million (December 31, 2019 - \$1.04 million). Included under administrative expenses are interest expenses related to the lease liabilities in the amount of \$0.05 million for the six months ended June 30, 2020 (June 30, 2019 - \$0.08 million).

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 six months ended June 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue ⁽²⁾	\$ 3,456,657	\$ 9,008,047	\$ 3,316,227	\$ 478,782	\$ 483,859	\$ 9,404	\$ 16,752,976
Interest revenue and trust income	107,922	6,488,152	60,704	380	12,268	18,499	6,687,925
Direct expenses	(701,020)	(45,976)	(474,361)	(49,493)	(37,791)	-	(1,308,641)
	2,863,559	15,450,223	2,902,570	429,669	458,336	27,903	22,132,260
Administrative expenses	(1,843,900)	(9,982,008)	(2,972,617)	(727,140)	(857,679)	(10,239)	(16,393,583)
Depreciation and amortization	(80,912)	(536,617)	(153,594)	(99,062)	(18,350)	-	(888,535)
Other (losses)/gains, net (note 20)	-	(751)	191,450	-	-	2,389	193,088
Earnings/(loss) before income taxes	938,747	4,930,847	(32,191)	(396,533)	(417,693)	20,053	5,043,230
Income taxes (expense)/recovery ⁽¹⁾	(220,743)	(1,069,604)	6,983	19,038	90,606	(49,465)	(1,223,185)
Net earnings/(loss)	\$ 718,004	\$ 3,861,243	\$ (25,208)	\$ (377,495)	\$ (327,087)	\$ (29,412)	\$ 3,820,045

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

⁽²⁾Included in service revenue for the CSS division are fees of \$104,375 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.

Net operations for the six months ended June 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue	\$ 4,010,375	\$ 9,137,886	\$ 4,578,889	\$ 336,534	\$ 38,287	\$ 4,842	\$ 18,106,813
Interest revenue and trust income	166,887	6,162,176	107,906	513	962	51,106	6,489,550
Direct expenses	(862,820)	(16,492)	(1,016,010)	(22,940)	732	-	(1,917,530)
	3,314,442	15,283,570	3,670,785	314,107	39,981	55,948	22,678,833
Administrative expenses	(1,780,603)	(10,252,191)	(4,002,345)	(516,400)	(591,159)	(130,609)	(17,273,307)
Depreciation and amortization	(76,225)	(486,407)	(140,021)	(40,072)	(15,690)	(57)	(758,472)
Other (losses)/gains, net (note 20)	(1,112)	(1,242)	2,145,776	-	-	(1,798)	2,141,624
Earnings/(loss) before income taxes	1,456,502	4,543,730	1,674,195	(242,365)	(566,868)	(76,516)	6,788,678
Income taxes (expense)/recovery ⁽¹⁾	(362,495)	(1,223,791)	(450,922)	71,634	152,678	57,468	(1,755,428)
Net earnings/(loss)	\$ 1,094,007	\$ 3,319,939	\$ 1,223,273	\$ (170,731)	\$ (414,190)	\$ (19,048)	\$ 5,033,250

⁽¹⁾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 six months ended June 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 346,925	\$ -	\$ 90,455	\$ 213,519	\$ -	\$ 650,899
Annual administration and health spending account fees	717,789	6,224,617	-	-	151,958	-	7,094,364
Monthly and transaction fees	2,460,989	2,402,659	155,533	387,381	118,382	-	5,524,944
Trading profits and losses	-	-	3,144,246	-	-	-	3,203,390
Travel and life insurance brokerage fees	261,749	125	-	-	-	-	261,874
Other	16,130	33,721	16,447	946	-	9,405	76,649
Service revenue	\$ 3,456,657	\$ 9,008,047	\$ 3,316,226	\$ 478,782	\$ 483,859	\$ 9,405	\$ 16,752,976

Service revenue for the six months ended June 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 300,025	\$ -	\$ 103,750	\$ 24,112	\$ -	\$ 427,887
Annual administration and health spending account fees	669,837	6,259,808	-	-	13,250	-	6,942,895
Monthly and transaction fees	3,019,832	2,557,884	147,000	223,574	925	-	5,949,215
Trading profits and losses	-	-	4,051,889	-	-	-	4,051,889
Revenue claimed through insurance	-	-	380,000	9,210	-	-	389,210
Travel and life insurance brokerage fees	276,396	-	-	-	-	-	276,396
Other	44,310	20,169	-	-	-	4,842	69,321
Service revenue	\$ 4,010,375	\$ 9,137,886	\$ 4,578,889	\$ 336,534	\$ 38,287	\$ 4,842	\$ 18,106,813

No one customer represents more than 10% of a division's revenue earned for the period ended June 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 June 30, 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Net operations for the three months ended June 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue ⁽²⁾	\$ 1,415,019	\$ 4,480,500	\$ 1,513,090	\$ 221,259	\$ 276,522	\$ 4,031	\$ 7,910,421
Interest revenue and trust income	31,209	3,160,438	15,939	128	11,077	4,349	3,223,140
Direct expenses	(294,124)	(27,994)	(188,102)	(26,961)	(32,289)	-	(569,470)
	1,152,104	7,612,944	1,340,927	194,426	255,310	8,380	10,564,091
Administrative expenses	(865,327)	(4,955,409)	(1,354,623)	(350,019)	(437,897)	(5,319)	(7,968,594)
Depreciation and amortization	(41,201)	(280,113)	(77,853)	(65,318)	(9,255)	-	(473,740)
Other (losses)/gains, net (note 20)	-	(121)	16,630	-	-	(16,741)	(232)
Earnings/(loss) before income taxes	245,576	2,377,301	(74,919)	(220,911)	(191,842)	(13,680)	2,121,525
Income taxes (expense)/recovery ⁽¹⁾	(37,676)	(442,079)	13,932	9,143	35,675	(23,856)	(444,861)
Net earnings/(loss)	\$ 207,900	\$ 1,935,222	\$ (60,987)	\$ (211,768)	\$ (156,167)	\$ (37,536)	\$ 1,676,664

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

⁽²⁾Included in service revenue for the CSS division are fees of \$31,375 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.

Net operations for the three months ended June 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Service revenue	\$ 1,901,754	\$ 4,699,063	\$ 2,403,297	\$ 163,744	\$ 17,312	\$ 2,417	\$ 9,187,587
Interest revenue and trust income	82,071	3,270,273	60,594	210	962	27,156	3,441,266
Direct expenses	(403,175)	(34,062)	(348,060)	(8,120)	732	-	(792,685)
	1,580,650	7,935,274	2,115,831	155,834	19,006	29,573	11,836,168
Administrative expenses	(806,174)	(5,285,442)	(1,629,345)	(274,943)	(302,311)	(83,640)	(8,381,855)
Depreciation and amortization	(43,527)	(244,111)	(64,365)	(20,731)	(9,002)	542	(381,194)
Other (losses)/gains, net (note 20)	(1,112)	(1,242)	(69,553)	-	-	(1,798)	(73,705)
Earnings/(loss) before income taxes	729,837	2,404,479	352,568	(139,840)	(292,307)	(55,323)	2,999,414
Income taxes (expense)/recovery ⁽¹⁾	(171,120)	(637,257)	(88,562)	39,363	77,400	75,289	(704,887)
Net earnings/(loss)	\$ 558,717	\$ 1,767,222	\$ 264,006	\$ (100,477)	\$ (214,907)	\$ 19,966	\$ 2,294,527

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Service revenue per segment for the three months ended June 30, 2020

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 175,350	\$ -	\$ 36,485	\$ 80,085	\$ -	\$ 291,920
Annual administration and health spending account fees	341,605	3,138,629	-	-	104,271	-	3,584,505
Monthly and transaction fees	938,812	1,150,278	19,712	184,114	92,166	-	2,385,082
Trading profits and losses	-	-	1,506,272	-	-	-	1,506,272
Travel and life insurance brokerage fees	128,649	50	-	-	-	-	128,699
Other	5,953	16,193	(12,894)	660	-	4,031	13,943
Service revenue	\$ 1,415,019	\$ 4,480,500	\$ 1,513,090	\$ 221,259	\$ 276,522	\$ 4,031	\$ 7,910,421

Service revenue per segment for the three months ended June 30, 2019

	HEALTH	RRSP	CGP	EEI	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 183,225	\$ -	\$ 44,000	\$ 9,112	\$ -	\$ 236,337
Annual administration and Health spending account fees	333,036	3,173,238	-	-	7,375	-	3,513,649
Monthly and transaction fees	1,394,773	1,323,068	38,694	113,447	825	-	2,870,807
Trading profits and losses	-	-	2,281,138	-	-	-	2,281,138
Travel and life insurance brokerage fees	135,901	-	-	-	-	-	135,901
Revenue claimed through insurance	38,044	19,532	83,465	6,297	-	2,417	149,755
Service revenue	\$ 1,901,754	\$ 4,699,063	\$ 2,403,297	\$ 163,744	\$ 17,312	\$ 2,417	\$ 9,187,587

No one customer represents more than 10% of a division's revenue earned for the period ended June 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 June 30, 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

9. RESTRICTED CASH AND INVESTMENTS

	June 30, 2020	December 31, 2019
Foreign exchange trading investments collateral provided	\$ 6,600,000	\$ 2,500,000
	\$ 6,600,000	\$ 2,500,000

Restricted cash and investments as at June 30, 2020, of \$6.60 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.

	June 30, 2020	December 31, 2019
Cash at bank and on hand	\$ 19,254,293	\$ 13,080,249
Non-restricted cash in circulation	886,396	673,840
	\$ 20,140,689	\$ 13,754,089

11. REVOLVING CREDIT FACILITY

As at June 30, 2020, Olympia has drawn \$11.98 million (December 31, 2019 – \$6.66 million) on its established credit facility. 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.

During the period ended June 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.

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

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 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 June 30, 2020, Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 1.75:1 (December 31, 2019 – 1.99:1). Total equity as at June 30, 2020 was \$18.43 million, compared to total equity of \$17.93 million at December 31, 2019. As at June 30, 2020, Olympia was in compliance with all covenants.

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

On May 16, 2016, Olympia Trust entered into a contingent credit facility to be used only by the CGP division. During the year ended December 31, 2019, the agreement was replaced with a new demand credit facility with a US\$6 million limit. As at June 30, 2020, no amounts have been drawn on this facility.

Credit Facility	June 30, 2020	December 31, 2019
Available balance at January 1	\$ 15,000,000	\$ 15,000,000
Drawn	(11,981,126)	(6,655,347)
Available at the end of the period/year	\$ 3,018,874	\$ 8,344,653

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at June 30, 2020	Notional amount as at June 30, 2020	Fair value as at December 31, 2019	Notional amount as at December 31, 2019
Current assets	\$ 3,709,127	\$ 130,604,106	\$ 2,177,020	\$ 63,680,730
Non-current assets (1–3 years)	\$ 276,829	\$ 12,374,931	\$ 1,840,389	\$ 78,426,150
Current liabilities	\$ 1,156,659	\$ 79,802,482	\$ 657,259	\$ 30,131,773
Non-current liabilities (1–3 years)	\$ 179,932	\$ 12,292,503	\$ 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 July 7, 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 (loss)/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 June 30, 2020, Olympia has margins held in Canadian dollars of \$4.58 million (December 31, 2019 – \$3.69 million).

For the period ended June 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

	June 30, 2020	Level 1	Level 2	Level 3
Financial assets – derivative financial instruments	\$ 3,985,956	\$ -	\$ 3,985,956	\$ -
Financial liabilities – derivative financial instruments	(1,336,591)	-	(1,336,591)	-
	\$ 2,649,365	\$ -	\$ 2,649,365	\$ -

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

June 30, 2020	Leasehold improvements	Computers & equipment	Furniture & fixtures	FX ATM equipment	Total
Cost					
At beginning of year	\$ 3,031,703	\$ 614,164	\$ 970,527	\$ 295,422	\$ 4,911,816
Additions	14,869	105,909	8,284	-	129,062
Disposals	-	-	(2,000)	(7,090)	(9,090)
At end of period	\$ 3,046,572	\$ 720,073	\$ 976,811	\$ 288,332	\$ 5,031,788
Accumulated depreciation					
At beginning of year	\$ 2,519,657	\$ 338,952	\$ 788,269	\$ 143,983	\$ 3,790,861
Disposals	-	-	(835)	(5,672)	(6,507)
Depreciation charge for the period	109,614	71,453	35,490	29,278	245,835
At end of period	\$ 2,629,271	\$ 410,405	\$ 822,924	\$ 167,589	\$ 4,030,189
Closing net book value	\$ 417,301	\$ 309,668	\$ 153,887	\$ 120,743	\$ 1,001,599

December 31, 2019	Leasehold improvements	Computers & equipment	Furniture & fixtures	FX ATM equipment	Total
Cost					
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)
At end of year	\$ 3,031,703	\$ 614,164	\$ 970,527	\$ 295,422	\$ 4,911,816
Accumulated depreciation					
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
At end of year	\$ 2,519,657	\$ 338,952	\$ 788,269	\$ 143,983	\$ 3,790,861
Closing net book value	\$ 512,046	\$ 275,212	\$ 182,258	\$ 151,439	\$ 1,120,955

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

14. INTANGIBLE ASSETS

June 30, 2020	Internally generated software	Computer software	ATM processing contracts	Other	Total
Cost					
At beginning of year	\$ 2,373,033	\$ 1,719,246	\$ -	\$ 27,305	\$ 4,119,584
Additions	253,769	12,078	-	-	265,847
At end of period	\$ 2,626,802	\$ 1,731,324	\$ -	\$ 27,305	\$ 4,385,431
Accumulated depreciation					
At beginning of year	\$ 647,631	\$ 697,753	\$ -	\$ 25,986	\$ 1,371,370
Amortization charge for the period	188,506	186,876	-	357	375,739
At end of period	\$ 836,137	\$ 884,629	\$ -	\$ 26,343	\$ 1,747,109
Closing net book value	\$ 1,790,665	\$ 846,695	\$ -	\$ 962	\$ 2,638,322

December 31, 2019	Internally generated software	Computer software	ATM processing contracts	Other	Total
Cost					
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)
At end of year	\$ 2,373,033	\$ 1,719,246	\$ -	\$ 27,305	\$ 4,119,584
Accumulated depreciation					
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)
At end of year	\$ 647,631	\$ 697,753	\$ -	\$ 25,986	\$ 1,371,370
Closing net book value	\$ 1,725,402	\$ 1,021,493	\$ -	\$ 1,319	\$ 2,748,214

Additions

The capital additions of \$0.27 million relate 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

	June 30, 2020	December 31, 2019
Balance at January 1	\$ 1,073,064	\$ 1,606,986
Depreciation	(266,961)	(533,922)
Available at the end of the period/year	\$ 806,103	\$ 1,073,064

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

16. TRADE AND OTHER PAYABLES

	June 30, 2020	December 31, 2019
Government taxes and other payables	\$ 791,720	\$ 315,071
Trade payables	338,291	826,597
Agents and commissions payable	150,319	188,118
Amounts due to related parties	101,337	126,380
	\$ 1,381,667	\$ 1,456,166

17. DEFERRED REVENUE

	June 30, 2020	December 31, 2019
Annual registered plan services administration fees	\$ 6,317,607	\$ 950
Annual health spending account fee	521,292	463,042
Annual corporate & shareholder services retainer fees	41,404	22,663
	\$ 6,880,303	\$ 486,655

At June 30, 2020, deferred revenue totaled \$6.88 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 June 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
Shares repurchased and cancelled	(16)	\$ -	\$ -	\$ -
Balance at June 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:

	June 30, 2020	December 31, 2019
Bad debts provision and other	\$ 451,398	\$ 501,728
Non-capital losses	579,402	595,604
Carrying amount of equipment higher than the tax basis	(404,079)	(311,132)
	\$ 626,721	\$ 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 June 30, 2020 was 24% (December 31, 2019– 26.5%).

	June 30, 2020	June 30, 2019
Earnings from continuing operations before income tax	\$ 5,043,230	\$ 6,788,678
Anticipated income tax expense	1,210,375	1,704,924
Non-deductible expenses	12,384	21,621
Adjustment in respect of prior years	(90,942)	5,760
Other	20,430	-
Remeasurement of deferred tax – change in provincial tax rate	70,938	23,123
	\$ 1,223,185	\$ 1,755,428
Current tax expense	\$ 1,063,705	\$ 1,669,121
Deferred tax	159,480	86,307
Total	\$ 1,223,185	\$ 1,755,428

20. OTHER GAINS, NET

	June 30, 2020	June 30, 2019
Unrealized foreign exchange (gain)	\$ (176,234)	\$ (2,146,455)
Loss on disposal of assets and other	(16,854)	4,831
	\$ (193,088)	\$ (2,141,624)

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.

Six months ended	June 30, 2020	June 30, 2019
Total net earnings	\$ 3,895,544	\$ 5,067,396
Weighted average number of shares (basic and diluted)	2,406,336	2,406,336
Basic and diluted earnings per share	\$ 1.62	\$ 2.11

Three months ended	June 30, 2020	June 30, 2019
Total net earnings	\$ 1,719,018	\$ 2,314,622
Weighted average number of shares (basic and diluted)	2,406,336	2,406,336
Basic and diluted earnings per share	\$ 0.71	\$ 0.97

22. DIVIDENDS PER SHARE

The aggregate dividends declared and paid for the six months amounted to \$3.32 million (June 30, 2019 – \$3.18 million).

23a. CHANGES IN NON-CASH WORKING CAPITAL

	June 30, 2020	June 30, 2019
Trade & other receivables	\$ (1,447,640)	\$ (2,854,730)
Current taxes receivable	(211,369)	(634,367)
Current taxes payable	(176,795)	(5,637)
Prepaid expenses	(56,416)	(230,623)
Inventory	-	(7,391)
Trade & other payables	(74,500)	102,716
Deferred revenue	6,393,648	6,509,790
Other liabilities & charges	60,818	940,260
	\$ 4,487,746	\$ 3,820,018

23b. NON-CASH FINANCING AND INVESTING ACTIVITIES

	June 30, 2020	June 30, 2019
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		June 30, 2020	
Revolving credit facility	\$	6,655,347	\$	5,325,779	\$	11,981,126
	\$	6,655,347	\$	5,325,779	\$	11,981,126

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 29.42% 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	June 30, 2020		June 30, 2019	
Companies and businesses controlled by the president and CEO	\$	15,954	\$	5,886
	\$	15,954	\$	5,886

Service revenue from associated entities totaled \$15,954 for the six months ended June 30, 2020 (June 30, 2019 – \$5,886). 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 (\$12,000) from Exempt Experts Inc., a company controlled by the president and CEO.

Interest revenue	June 30, 2020		June 30, 2019	
Companies and businesses controlled by the president and CEO	\$	23,144	\$	29,158
	\$	23,144	\$	29,158

Interest revenue from associated entities totaled \$23,144 for the six months ended June 30, 2020 (June 30, 2019 – \$29,158), and consists of interest earned from the promissory note receivable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Administrative expenses	June 30, 2020	June 30, 2019
Companies and businesses controlled by the president and CEO (management fee)	\$ 1,626,484	\$ 1,825,901
Olympia Charitable Foundation	\$ 37,356	\$ 38,825
Companies and businesses controlled by the president and CEO	\$ 5,703	\$ -
	\$ 1,669,543	\$ 1,864,726

Administrative expenses paid to associated entities totaled \$1.67 million for the six months ended June 30, 2020 (June 30, 2019 – \$1.86 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia's matched donation totaled \$37,356 for the six months ended June 30, 2020 (June 30, 2019 – \$38,825).
- 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 six months ended June 30, 2020, this amounted to \$1.63 million (June 30, 2019 – \$1.83 million).

- Fees paid to Olympia ATM Ltd., a company owned and controlled by Olympia's president and CEO, of \$5,703 relate to maintenance services provided for Olympia's Foreign Exchange ATMs.

Trade and other receivables include amounts receivable from related parties	June 30, 2020	December 31, 2019
Companies and businesses controlled by the president and CEO (current)	\$ 61,392	\$ 49,966
Companies and businesses controlled by the president and CEO (non-current)	1,260,000	1,400,000
	\$ 1,321,392	\$ 1,449,966

Receivables from associated entities totaled \$1.32 million for the six months ended June 30, 2020 (December 31, 2019 – \$1.45 million) and consisted mainly of the following:

- A receivable in the amount of \$55,868 (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 \$5,524 (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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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 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 June 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.

Trade and other payables and provision for other liabilities and charges include amounts payable to related parties

	June 30, 2020	December 31, 2019
Companies and businesses controlled by the president and CEO	\$ 24,793	\$ 151,939
Directors' fees	76,545	83,291
	\$ 101,338	\$ 235,230

Payables to associated entities totaled \$101,338 for the six months ended June 30, 2020 (December 31, 2019 – \$235,230), and consisted mainly of the following:

- A payable in the amount of \$23,255 (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 \$1,538 (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 \$nil (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 \$76,545 (December 31, 2019 – \$83,291).

These payables are all current.



CORPORATE INFORMATION

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Brenda Eprile²
Brian Newman^{1 2 3 4}
Diana Wolfe^{1 2 3 4}
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Tony Balasubramanian

Board Committees

¹ Audit Committee
² Corporate Governance Committee
³ Executive Compensation Committee
⁴ Investment Committee

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THE EXECUTIVE TEAM



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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

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