



Q2 2021 REPORT

FINANCIAL STATEMENTS

2021

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MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the second quarters ended June 30, 2021, and June 30, 2020

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, 2021, and June 30, 2020.

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 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

Rick Skauge
President and Chief Executive Officer

Signed Gerhard Barnard

Gerhard Barnard, CPA, CMA
Chief Financial Officer

Calgary, Canada, August 13, 2021

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (Unaudited)

(\$)	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash & cash equivalents (note 11)	\$ 22,322,230	\$ 15,939,759
Trade & other receivables (note 7)	3,716,156	2,809,248
Inventory	49,428	49,428
Prepaid expenses	1,724,354	1,722,259
Promissory note receivable (note 5)	140,000	140,000
Derivative financial instruments (notes 7 and 13)	2,242,355	3,340,251
Current tax receivable	330,679	-
Total current assets	30,525,202	24,000,945
Non-current assets		
Restricted cash & investments (note 10)	-	1,000,000
Equipment & other (note 14)	671,100	799,623
Intangible assets (note 15)	1,938,576	2,292,702
Right-of-use asset (note 16)	1,488,048	539,142
Financial assets at fair value through profit or loss (note 29)	286,630	72,566
Long-term lease receivable (note 7)	-	8,117
Promissory note receivable (note 5)	980,000	1,120,000
Deferred tax assets (note 20)	637,422	820,724
Total non-current assets	6,001,776	6,652,874
Total assets	\$ 36,526,978	\$ 30,653,819
LIABILITIES		
Current liabilities		
Trade & other payables (notes 7 and 17)	\$ 1,640,582	\$ 999,404
Deferred revenue (note 18)	7,178,044	550,876
Other liabilities & charges (note 7)	1,663,905	1,962,561
Revolving credit facility (notes 12 and 25)	3,943,684	4,946,744
Lease liabilities (notes 7 and 8)	621,015	890,722
Derivative financial instruments (notes 7 and 13)	1,657,845	1,801,662
Current tax liability	-	450,799
Total current liabilities	16,705,075	11,602,768
Lease liabilities (notes 7 and 8)	1,258,596	147,564
Total liabilities	\$ 17,963,671	\$ 11,750,332
EQUITY		
Share capital (note 19)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 19)	86,373	86,373
Retained earnings	10,589,945	10,930,125
Total equity	18,563,307	18,903,487
Total equity & liabilities	\$ 36,526,978	\$ 30,653,819
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 13, 2021

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, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue				
Service revenue (note 9)	\$20,946,343	\$16,752,976	\$ 9,875,621	\$ 7,910,421
Trust income (note 9)	3,518,243	6,488,152	1,604,241	3,160,438
Interest (note 9)	301,970	199,773	250,085	62,702
	24,766,556	23,440,901	11,729,947	11,133,561
Expenses				
Direct expenses (note 9)	2,248,179	1,308,641	1,101,834	569,470
Administrative expenses (note 9)	16,656,928	16,393,583	8,391,800	7,968,594
Depreciation and amortization (notes 9, 14, 15 and 16)	1,039,273	888,535	554,647	473,740
Other losses/(gains), net (notes 9 and 21)	972,133	(193,088)	(230,083)	232
	20,916,513	18,397,671	9,818,198	9,012,036
Earnings before income tax	3,850,043	5,043,230	1,911,749	2,121,525
Income tax expense (notes 9 and 20)				
Current	686,192	1,063,705	328,305	392,116
Deferred tax expense	183,302	159,480	83,845	52,745
Total income tax expense	869,494	1,223,185	412,150	444,861
Net earnings and comprehensive income attributable to:				
Shareholders of Olympia	\$ 2,980,549	\$ 3,895,544	\$ 1,499,599	\$ 1,719,018
Non-controlling interests	\$ -	\$ (75,499)	\$ -	\$ (42,354)
Net earnings and comprehensive income for the period	\$ 2,980,549	\$ 3,820,045	\$ 1,499,599	\$ 1,676,664
Earnings per share attributable to shareholders of Olympia				
Basic and diluted (note 22)	\$ 1.24	\$ 1.62	\$ 0.62	\$ 0.71

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, 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 23)	-	-	(3,320,740)	-	(3,320,740)
Balance at June 30, 2020	\$ 7,886,989	\$ 86,373	\$ 10,739,399	\$ (284,707)	\$ 18,428,054
Balance at January 1, 2021	\$ 7,886,989	\$ 86,373	\$ 10,930,125	\$ -	\$ 18,903,487
Net earnings and comprehensive income	-	-	2,980,549	-	2,980,549
Dividends (note 23)	-	-	(3,320,729)	-	(3,320,729)
Balance at June 30, 2021	\$ 7,886,989	\$ 86,373	\$ 10,589,945	\$ -	\$ 18,563,307

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

SIX MONTHS ENDED JUNE 30	2021	2020
Cash flows from operating activities		
Net earnings from operations	\$ 2,980,549	\$ 3,820,045
Items not affecting cash		
Depreciation of equipment & other (note 14)	286,430	245,835
Amortization of intangible assets (note 15)	401,470	375,739
Amortization of right-of-use asset (note 16)	351,374	266,961
Other	12,948	1,604
(Gain)/loss on disposal of assets	(5,152)	1,165
Deferred income taxes recovery	183,302	159,480
Foreign exchange gain (note 21)	954,079	(176,234)
Changes in non-cash working capital balances (note 24)	5,076,633	4,513,594
Net cash from operating activities	10,241,633	9,208,189
Cash flows from investing activities		
Purchase of equipment & other (note 14)	(162,955)	(129,062)
Purchase of intangible assets (note 15)	(47,344)	(265,847)
Proceeds on sale of securities	2,429	1,377
Change in restricted investment for collateral, net (note 10)	1,000,000	(4,100,000)
Net cash from investing activities	792,130	(4,493,532)
Cash flows from financing activities		
(Repayment)/borrowing of revolving credit facility	(1,003,060)	5,325,779
Repayment of promissory note receivable	140,000	140,000
Receipt of lease receivable	24,411	24,411
Payment of lease liabilities (note 8)	(491,914)	(497,507)
Dividends (note 23)	(3,320,729)	(3,320,740)
Net cash from financing activities	(4,651,292)	1,671,944
Net change in cash position	6,382,471	6,386,600
Cash, beginning of period	15,939,759	13,754,089
Cash, end of period	\$ 22,322,230	\$ 20,140,689
Cash is represented by:		
Cash & cash equivalents (note 11)	\$ 22,322,230	\$ 20,140,689
	\$ 22,322,230	\$ 20,140,689
Other information for operations		
Interest received	\$ 235,568	\$ 180,755
Income taxes paid	\$ 1,467,670	\$ 1,290,000
Interest paid	\$ 56,628	\$ 51,790

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 4000, 520 – 3rd Avenue SW, Calgary, Alberta T2P 0R3.

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 business under Olympia Benefits Inc. (“OBI”), a wholly owned subsidiary of Olympia. Olympia Benefits Inc. was incorporated on May 4, 2006, under the *Business Corporations Act* (Alberta).

The Exempt Edge division conducts business under Olympia Benefits Inc. For the year ended December 31, 2019, Olympia held an 80% controlling interest in Exempt Edge Inc. and a third party held a 20% non-controlling interest. The non-controlling interest is presented separately in the statements of net earnings and comprehensive income for the six months ended June 30, 2020. On November 26, 2020, Olympia acquired the 20% non-controlling interest in Exempt Edge Inc. from a private third party for a purchase price of \$250,000. On January 1, 2021, the shares of Exempt Edge Inc. were amalgamated with OBI. The successor company retained the name Olympia Benefits Inc.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended June 30, 2021, have been prepared in accordance with IAS 34 *Interim Financial Reporting* 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, 2020, 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, 2020. 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 13, 2021.

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, 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.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

There were no significant new or amended standards issued during the six months ended June 30, 2021, that are applicable to Olympia in future periods.

The International Accounting Standards Board (“IASB”) published Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7). These amendments address issues that may affect financial reporting in instances where an existing interest rate benchmark is replaced with an alternative benchmark interest rate. These amendments include a practical expedient to gain or loss for a change in benchmark as a result of these reforms.

These amendments are effective for annual periods beginning on or after January 1, 2021, and would be applicable to the portion of Olympia’s bank credit facility that is based on the Canadian Dollar Offered Rate (“CDOR”). There is no impact on the condensed consolidated financial statements as a result of the amendment.

5. 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*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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 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, 2021, the second installment of \$140,000 has been repaid, along with all outstanding 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 interests granted to Olympia by Tarman.

Included in the \$1.12 million promissory note receivable is the current portion of \$140,000 as at June 30, 2021.

6. FUNDS IN TRUST

Registered Plans division ("RRSP")

At June 30, 2021, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of \$5.07 billion (December 31, 2020 – \$4.51 billion) plus cash, public securities, term deposits, and outstanding cheques with an estimated fair value of \$744.95 million (December 31, 2020 – \$649.94 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 \$3.52 million for the six months ended June 30, 2021 (June 30, 2020 – \$6.49 million).

Private Health Services Plan division ("Health")

At June 30, 2021, Health held funds in trust of \$12.11 million (December 31, 2020 – \$12.10 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 ("CGP")

At June 30, 2021, CGP held funds in trust of \$5.04 million (December 31, 2020 – \$4.01 million) for clients who have paid margin requirements on forward foreign exchange contracts, and \$14.59 million (December 31, 2020 – \$15.43 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, 2021, CSS held funds in trust and outstanding cheques of \$45.81 million (December 31, 2020 – \$1.05 billion) for clients who have hired Olympia Trust to provide trustee services. This includes approximately \$3.62 million of treasury bills and public securities 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 consolidated financial statements.

7. 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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, 2020 – \$15 million) and bears interest at the Canadian prime rate plus 0.25%. As at June 30, 2021, a balance of \$3.94 million is outstanding (December 31, 2020 – \$4.95 million). Olympia has determined the principal and interest to be current.

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

The timing of cash outflows is outlined in the following tables:

At June 30, 2021	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,485,861	\$ 108,166	\$ 46,555	\$ -	\$ 1,640,582
Other liabilities and charges	1,663,905	-	-	-	1,663,905
Lease liabilities	80,122	80,122	80,122	1,753,852	1,994,218
Total	\$ 3,229,888	\$ 188,288	\$ 126,677	\$ 1,753,852	\$ 5,298,705
At December 31, 2020					
Trade and other payables	\$ 910,184	\$ -	\$ 86,830	\$ 2,390	\$ 999,404
Other liabilities and charges	1,962,561	-	-	-	1,962,561
Current income tax liability	-	450,799	-	-	450,799
Lease liabilities	82,918	82,918	82,918	674,644	923,398
Total	\$ 2,955,663	\$ 533,717	\$ 169,748	\$ 677,034	\$ 4,336,162

As at June 30, 2021, trade and other payables totaled \$1.64 million (December 31, 2020 – \$1.00 million). Olympia continues to meet all of the obligations associated with its financial liabilities.

Lease liabilities cash outflows excludes \$0.11 million of non-cash financing interest under IFRS 16.

The aging of undiscounted lease payments is outlined in the following table:

At June 30, 2021	Less than one year	One to two years	Two to three years	More than three years	Total undiscounted lease payments
Lease payment	\$ 665,596	\$ 213,484	\$ 405,485	\$ 709,653	\$ 1,994,218

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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

	June 30, 2021	December 31, 2020
Current	\$ 1,651,091	\$ 92,671
31 to 60 days	-	130,419
61 to 90 days	2,409	369,692
Over 90 days	4,346	1,208,880
	\$ 1,657,846	\$ 1,801,662
Non-current (1–3 years)	\$ -	\$ -

(ii) 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 an off-setting 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.

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.

(iii) 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 (\$22.32 million) and the cash portion of the off-balance sheet arrangements (\$652.09 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, 2021, would have increased by approximately \$2.56 million (June 30, 2020 – \$2.08 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.

(iv) 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 accurately determine the impact that the COVID-19 pandemic will have on 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

- 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, 2021, impaired trade receivables net of allowances are \$3.10 million (December 31, 2020 – \$2.29 million) The aging of trade and other receivables is as follows:

	June 30, 2021	December 31, 2020
Current	\$ 534,883	\$ 144,790
31 to 60 days	5,326	258,700
61 to 90 days	74,291	120,052
Over 90 days	4,322,426	3,537,411
Allowance for doubtful accounts	(1,220,770)	(1,251,705)
	\$ 3,716,156	\$ 2,809,248

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, 2021	December 31, 2020
At January 1	\$ 1,251,705	\$ 981,584
Increase in provision	177,554	717,640
Receivables written off	(208,489)	(447,519)
Allowance for doubtful accounts	\$ 1,220,770	\$ 1,251,705

Included within receivables is the current portion of a lease receivable of \$0.03 million (December 31, 2020 - \$0.05 million) recognized based on the present value of sublet property, as required by IFRS 16.

The balance relates to a number of independent clients which Olympia is actively pursuing through its internal collection process. 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: \$411,782;
- more than two years but less than three years past due: \$378,056; and
- three or more years past due: \$242,543.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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, 2021	December 31, 2020
Current	\$ 2,002,758	\$ 354,936
31 to 60 days	107,977	679,283
61 to 90 days	39,410	897,144
Over 90 days	92,210	1,408,888
	\$ 2,242,355	\$ 3,340,251
Non-current (1–3 years)	\$ -	\$ -

The receivable can all be offset with one counterparty.

(v) 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, or repurchase shares.

Olympia includes shareholders' equity of \$18.56 million (December 31, 2020 – \$18.90 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;
- 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 twelve month period ended June 30, 2021; 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 twelve month period ended June 30, 2021.

The capital structure of Olympia is managed and adjusted to reflect changes in economic conditions. 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. Olympia's capital management objectives have remained substantively unchanged over the periods presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

8. LEASE LIABILITIES

The movement of the lease liabilities is shown below:

	June 30, 2021	December 31, 2020
Balance at January 1	\$ 1,038,286	\$ 1,945,352
Additions ¹	1,300,280	-
Lease repayment	(491,914)	(995,013)
Non-cash interest	32,959	87,947
Available at the end of the period/year	\$ 1,879,611	\$ 1,038,286

¹\$1,300,280 represents the initial discounted value of leases recognized under IFRS 16.

The current portion as at June 30, 2021, is \$0.62 million (December 31, 2020 – \$0.89 million), with the non-current portion being \$1.26 million (December 31, 2020 – \$0.15 million). Included under administrative expenses are interest expenses related to the lease liabilities in the amount of \$0.03 million for the six months ended June 30, 2021 (June 30, 2020 - \$0.05 million).

On January 4, 2021, Olympia signed a new lease agreement for the head office location. Olympia began operations at head office throughout 2021, and continues to use both the previous and new facilities to help ensure greater social distancing. Effective May 1, 2021, Olympia Trust Company has renewed its lease in Vancouver with a reduced floorspace.

All staff will have moved from the existing head office to the new head office by the end of fiscal 2021.

9. 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, 2021

	Health	RRSP	CGP	EE	CSS	Corporate	Total
Service revenue ¹	\$ 4,046,276	\$ 9,478,697	\$ 5,759,578	\$ 513,972	\$ 1,133,689	\$ 14,131	\$20,946,343
Interest revenue and trust income	73,528	3,698,079	7,355	347	27,977	12,927	3,820,213
Direct expenses	(817,278)	(48,948)	(1,259,724)	(42,068)	(80,161)	-	(2,248,179)
	3,302,526	13,127,828	4,507,209	472,251	1,081,505	27,058	22,518,377
Administrative expenses	(1,942,650)	(9,409,561)	(3,041,619)	(964,198)	(1,239,058)	(59,842)	(16,656,928)
Depreciation and amortization	(96,567)	(617,335)	(152,963)	(139,261)	(33,147)	-	(1,039,273)
Other gains/(losses), net (note 20)	3,601	1,150	(953,429)	-	-	(23,455)	(972,133)
Earnings/(loss) before income taxes	1,266,910	3,102,082	359,198	(631,208)	(190,700)	(56,239)	3,850,043
Income taxes (expense)/recovery ²	(416,744)	(588,614)	(68,157)	207,633	36,185	(39,797)	(869,494)
Net earnings/(loss)	\$ 850,166	\$ 2,513,468	\$ 291,041	\$ (423,575)	\$ (154,515)	\$ (96,036)	\$ 2,980,549

¹ Included in service revenue for the CSS division are fees of \$59,500 for services provided by the EE division to an external client. These services, while provided by the EE division, are invoiced by the CSS division.

² No income tax adjustment has been made regarding the elimination of intercompany transactions.

Net operations for the six months ended June 30, 2020

	Health	RRSP	CGP	EE	CSS	Corporate	Total
Service revenue ¹	\$ 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 ²	(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 Included in service revenue for the CSS division are fees of \$104,375 for services provided by the EE division to an external client. These services, while provided by the EE division, are invoiced by the CSS division.

² 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, 2021

	Health	RRSP	CGP	EE	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 525,000	\$ -	\$ 57,109	\$ 171,007	\$ -	\$ 753,116
Annual administration and health spending account fees	844,992	6,204,684	-	-	316,113	-	7,365,789
Monthly and transaction fees	2,938,678	2,723,800	47,992	456,579	646,569	-	6,813,618
Trading profits and losses	-	-	5,706,537	-	-	-	5,706,537
Travel and life insurance brokerage fees	248,311	150	-	-	-	-	248,461
Other	14,295	25,063	5,049	284	-	14,131	58,822
Service revenue	\$ 4,046,276	\$ 9,478,697	\$ 5,759,578	\$ 513,972	\$ 1,133,689	\$ 14,131	\$20,946,343

No one customer in the CGP division represents more than 10% of the CGP division's total revenue earned for the six months ended June 30, 2021.

Service revenue for the six months ended June 30, 2020

	Health	RRSP	CGP	EE	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	155,534	387,381	118,382	-	5,524,945
Trading profits and losses	-	-	3,144,246	-	-	-	3,144,246
Travel and life insurance brokerage fees	261,749	125	-	-	-	-	261,874
Other	16,130	33,721	16,447	946	-	9,404	76,648
Service revenue	\$ 3,456,657	\$ 9,008,047	\$ 3,316,227	\$ 478,782	\$ 483,859	\$ 9,404	\$16,752,976

No one customer in the CGP division represents more than 10% of the CGP division's total revenue earned for the six months ended June 30, 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Net operations for the three months ended June 30, 2021

	Health	RRSP	CGP	EE	CSS	Corporate	Total
Service revenue ¹	\$ 1,926,433	\$ 4,992,675	\$ 2,068,465	\$ 249,157	\$ 628,791	\$ 10,100	\$ 9,875,621
Interest revenue and trust income	36,970	1,784,077	4,017	258	19,883	9,121	1,854,326
Direct expenses	(396,333)	(50,672)	(583,783)	(18,053)	(52,993)	-	(1,101,834)
	1,567,070	6,726,080	1,488,699	231,362	595,681	19,221	10,628,113
Administrative expenses	(943,780)	(4,811,104)	(1,435,598)	(526,633)	(625,515)	(49,170)	(8,391,800)
Depreciation and amortization	(53,656)	(329,170)	(76,670)	(73,040)	(22,111)	-	(554,647)
Other gains/(losses), net (note 20)	3,601	1,206	244,533	-	-	(19,257)	230,083
Earnings/(loss) before income taxes	573,235	1,587,012	220,964	(368,311)	(51,945)	(49,206)	1,911,749
Income taxes (expense)/recovery ²	(223,414)	(281,469)	(40,134)	134,363	8,056	(9,552)	(412,150)
Net earnings/(loss)	\$ 349,821	\$ 1,305,543	\$ 180,830	\$ (233,948)	\$ (43,889)	\$ (58,758)	\$ 1,499,599

¹Included in service revenue for the CSS division are fees of \$24,750 for services provided by the EE division to an external client. These services, while provided by the EE division, are invoiced by the CSS division.

²No income tax adjustment has been made regarding the elimination of intercompany transactions.

Net operations for the three months ended June 30, 2020

	Health	RRSP	CGP	EE	CSS	Corporate	Total
Service revenue ¹	\$ 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 ²	(37,676)	(442,079)	13,932	9,143	35,675	(23,855)	(444,861)
Net earnings/(loss)	\$ 207,900	\$ 1,935,222	\$ (60,987)	\$ (211,768)	\$ (156,167)	\$ (37,535)	\$ 1,676,664

¹Included in service revenue for the CSS division are fees of \$31,375 for services provided by the EE division to an external client. These services, while provided by the EE division, are invoiced by the CSS division.

²No 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 June 30, 2021

	Health	RRSP	CGP	EE	CSS	Corporate	Total
Account set-up and onboarding fees	\$ -	\$ 294,900	\$ -	\$ 29,603	\$ 84,331	\$ -	\$ 408,834
Annual administration and health spending account fees	426,704	3,132,742	-	-	174,971	-	3,734,417
Monthly and transaction fees	1,370,941	1,555,104	28,021	219,221	369,489	-	3,542,776
Trading profits and losses	-	-	2,036,664	-	-	-	2,036,664
Travel and life insurance brokerage fees	123,374	-	-	-	-	-	123,374
Other	5,414	9,929	3,780	333	-	10,100	29,556
Service revenue	\$ 1,926,433	\$ 4,992,675	\$ 2,068,465	\$ 249,157	\$ 628,791	\$ 10,100	\$ 9,875,621

No one customer in the CGP division represents more than 10% of the CGP division's total revenue earned for the three months ended June 30, 2021.

Service revenue for the three months ended June 30, 2020

	Health	RRSP	CGP	EE	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

No one customer in the CGP division represents more than 10% of the CGP division's total revenue earned for the six months ended June 30, 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

10. RESTRICTED CASH AND INVESTMENTS

	June 30, 2021	December 31, 2020
Foreign exchange trading investments collateral provided	\$ -	\$ 1,000,000
	\$ -	\$ 1,000,000

Restricted cash and investments as at June 30, 2021, of \$nil (December 31, 2020 – \$1.00 million), consist of cash held by financial institutions as collateral for the performance of Olympia Trust's foreign exchange trading platform obligations. 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.

11. 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, 2021	December 31, 2020
Cash at bank and on hand	\$ 21,836,035	\$ 15,382,596
Non-restricted cash in circulation	486,195	557,163
	\$ 22,322,230	\$ 15,939,759

12. REVOLVING CREDIT FACILITY

As at June 30, 2021, Olympia has drawn \$3.94 million (December 31, 2020 – \$4.95 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.

During the period ended June 30, 2020, the credit facility was amended to divide the facility between Olympia and Olympia Trust. The new agreements provide 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, 2020 – \$15 million) and bear interest at the Canadian prime rate plus 0.25%. The credit facilities are subject to quarterly review.

The credit facilities are 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 facilities contain a number of affirmative covenants, including maintaining specific security, maintaining a specific financial ratio, and maintaining a total consolidated

equity of \$12 million. The financial ratio is a quarterly cash flow coverage ratio of not less than 1.50:1. At June 30, 2021, Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 1.66:1 (December 31, 2020 – 1.83:1). Total equity as at June 30, 2021, was \$18.56 million, compared to total equity of \$18.90 million at December 31, 2020. Throughout 2020 and 2021, 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.

During 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, 2020, the agreement was replaced with a new demand credit facility with a US\$6 million limit.

As at June 30, 2021, the balance attributable to Olympia Trust was nominal for the revolving credit facility and \$nil for the CGP's contingent credit facility.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

	June 30, 2021	December 31, 2020
Available balance at January 1	\$ 10,053,256	\$ 8,344,653
Repaid	1,003,060	1,708,603
Available at the end of the period/year	\$ 11,056,316	\$ 10,053,256

Except for a nominal amount in Olympia Trust, the drawn balance is attributable to Olympia Financial Group Inc.'s revolving credit facility with Canadian Western Bank. The total credit limit of these revolving credit facilities is \$15 million.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at June 30, 2021	Notional amount as at June 30, 2021	Fair value as at December 31, 2020	Notional amount as at December 31, 2020
Current assets	\$ 2,242,355	\$ 51,913,008	\$ 3,340,251	\$ 111,386,251
Non-current assets (1–3 years)	\$ -	\$ -	\$ -	\$ -
Current liabilities	\$ 1,657,845	\$ 16,077,697	\$ 1,801,662	\$ 64,778,818
Non-current liabilities (1–3 years)	\$ -	\$ -	\$ -	\$ -

Olympia Trust has entered into foreign exchange contracts with its customers and currency suppliers. The expiry dates of the above derivatives vary between July 15, 2021, and June 30, 2022. Foreign exchange contracts with an expiration greater than one year remaining as at the reporting period, if any, would be 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 consolidated 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, 2021, Olympia has margins held in Canadian dollars of \$5.04 million (December 31, 2020 – \$4.01 million).

For the period ended June 30, 2021, 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 three levels of fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

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:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Recurring measurements

	June 30, 2021	Level 1	Level 2	Level 3
Financial assets – derivative financial instruments	\$ 2,242,355	\$ -	\$ 2,242,355	\$ -
Financial liabilities – derivative financial instruments	(1,657,845)	-	(1,657,845)	-
	\$ 584,510	\$ -	\$ 584,510	\$ -

Recurring measurements

	December 31, 2020	Level 1	Level 2	Level 3
Financial assets – derivative financial instruments	\$ 3,340,251	\$ -	\$ 3,340,251	\$ -
Financial liabilities – derivative financial instruments	(1,801,662)	-	(1,801,662)	-
	\$ 1,538,589	\$ -	\$ 1,538,589	\$ -

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

14. EQUIPMENT AND OTHER

June 30, 2021	Leasehold improvements	Computers & equipment	Furniture & fixtures	FX ATM equipment	Total
Cost					
At beginning of year	\$ 3,046,572	\$ 763,489	\$ 984,083	\$ 288,012	\$ 5,082,156
Additions	60,847	54,827	47,281	-	162,955
Disposals	-	-	(45,371)	-	(45,371)
At end of period	\$ 3,107,419	\$ 818,316	\$ 985,993	\$ 288,012	\$ 5,199,740
Accumulated depreciation					
At beginning of year	\$ 2,740,957	\$ 495,611	\$ 854,498	\$ 191,467	\$ 4,282,533
Disposals	-	-	(40,323)	-	(40,323)
Depreciation charge for the period	144,000	86,102	32,035	24,293	286,430
At end of period	\$ 2,884,957	\$ 581,713	\$ 846,210	\$ 215,760	\$ 4,528,640
Closing net book value	\$ 222,462	\$ 236,603	\$ 139,783	\$ 72,252	\$ 671,100

December 31, 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	149,325	15,556	7,090	186,840
Disposals	-	-	(2,000)	(14,500)	(16,500)
At end of year	\$ 3,046,572	\$ 763,489	\$ 984,083	\$ 288,012	\$ 5,082,156
Accumulated depreciation					
At beginning of year	\$ 2,519,657	\$ 338,952	\$ 788,269	\$ 143,983	\$ 3,790,861
Disposals	-	-	(835)	(10,745)	(11,580)
Depreciation charge for the year	221,300	156,659	67,064	58,229	503,252
At end of year	\$ 2,740,957	\$ 495,611	\$ 854,498	\$ 191,467	\$ 4,282,533
Closing net book value	\$ 305,615	\$ 267,878	\$ 129,585	\$ 96,545	\$ 799,623

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

15. INTANGIBLE ASSETS

June 30, 2021	Internally generated software	Computer software	Other	Total
Cost				
At beginning of year	\$ 2,709,552	\$ 1,731,324	\$ 27,305	\$ 4,468,181
Additions	47,344	-	-	47,344
At end of period	\$ 2,756,896	\$ 1,731,324	\$ 27,305	\$ 4,515,525
Accumulated depreciation				
At beginning of year	\$ 1,060,833	\$ 1,087,917	\$ 26,729	\$ 2,175,479
Depreciation charge for the period	225,780	175,309	381	401,470
At end of period	\$ 1,286,613	\$ 1,263,226	\$ 27,110	\$ 2,576,949
Closing net book value	\$ 1,470,283	\$ 468,098	\$ 195	\$ 1,938,576

December 31, 2020	Internally generated software	Computer software	Other	Total
Cost				
At beginning of year	\$ 2,373,033	\$ 1,719,246	\$ 27,305	\$ 4,119,584
Additions	336,519	12,078	-	348,597
At end of year	\$ 2,709,552	\$ 1,731,324	\$ 27,305	\$ 4,468,181
Accumulated depreciation				
At beginning of year	\$ 647,631	\$ 697,753	\$ 25,986	\$ 1,371,370
Amortization charge for the year	413,202	390,164	743	804,109
At end of year	\$ 1,060,833	\$ 1,087,917	\$ 26,729	\$ 2,175,479
Closing net book value	\$ 1,648,719	\$ 643,407	\$ 576	\$ 2,292,702

Additions

The capital additions of \$0.05 million relates primarily to the continued development and enhancement of the various systems by the Exempt Edge division (\$0.01 million) and the continued development of the Registered Plans division's mobile application (\$0.03 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

16. RIGHT-OF-USE ASSETS

	June 30, 2021	December 31, 2020
Balance at January 1	\$ 539,142	\$ 1,073,064
Additions (note 8)	1,300,280	-
Depreciation	(351,374)	(533,922)
Available at the end of the period/year	\$ 1,488,048	\$ 539,142

The right-of-use assets pertain to lease properties under IFRS 16. These assets are depreciated over the term of the leases.

17. TRADE AND OTHER PAYABLES

	June 30, 2021	December 31, 2020
Trade payables	\$ 389,965	\$ 222,751
Agents and commissions payable	182,891	325,658
Amounts due to related parties	76,938	125,795
Government taxes payable	990,788	325,200
	\$ 1,640,582	\$ 999,404

18. DEFERRED REVENUE

	June 30, 2021	December 31, 2020
Annual registered plan services administration fees	\$ 6,496,414	\$ -
Annual health spending account fees	605,930	518,880
Annual corporate & shareholder services retainer fees	75,700	31,996
	\$ 7,178,044	\$ 550,876

At June 30, 2021, deferred revenue totaled \$7.18 million compared to \$0.55 million as at December 31, 2020. 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 payment and revenue is recognized on a straight-line basis in relation to Olympia rendering these services.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

19. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2021	2,406,336	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Balance at June 30, 2021	2,406,336	\$ 7,886,989	\$ 86,373	\$ 7,973,362

	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

Olympia is authorized to issue an unlimited number of common shares without nominal or par value. (December 31, 2020 – unlimited common shares). All issued shares are fully paid.

20. INCOME TAXES

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

	June 30, 2021	December 31, 2020
Bad debts provision and other	\$ 538,443	\$ 523,312
Non-capital losses	212,196	753,391
Carrying amount of equipment higher than the tax basis	(113,217)	(455,979)
	\$ 637,422	\$ 820,724

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, 2021 was 23.5% (June 30, 2020 – 24.0%).

	June 30, 2021	June 30, 2020
Earnings from continuing operations before income tax	\$ 3,850,043	\$ 5,043,230
Anticipated income tax expense	914,884	1,210,375
Non-deductible expenses	4,658	12,384
Adjustment in respect of prior years	37,561	(90,942)
Other	6,306	20,430
Refund from prior year tax	(93,915)	-
Remeasurement of deferred tax - change in provincial tax rate	-	70,938
	\$ 869,494	\$ 1,223,185
Current tax expense	\$ 686,192	\$ 1,063,705
Deferred tax recovery	183,302	159,480
Total	\$ 869,494	\$ 1,223,185

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

21. OTHER LOSSES/(GAINS), NET

	June 30, 2021	June 30, 2020
Unrealized foreign exchange loss/(gain)	\$ 954,079	\$ (176,234)
Loss/(gain) on disposal of assets and other	18,054	(16,854)
	\$ 972,133	\$ (193,088)

Included in the loss on disposal of assets and other are amounts relating to both the cost and recovery for various legal matters involving Olympia.

22. 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, 2021	June 30, 2020
Total net earnings	\$ 2,980,549	\$ 3,895,544
Weighted average number of shares (basic and diluted)	2,406,336	2,406,336
Basic and diluted earnings per share	\$ 1.24	\$ 1.62

Three months ended	June 30, 2021	June 30, 2020
Total net earnings	\$ 1,499,599	\$ 1,719,018
Weighted average number of shares (basic and diluted)	2,406,336	2,406,336
Basic and diluted earnings per share	\$ 0.62	\$ 0.71

23. DIVIDENDS PER SHARE

The aggregate dividends declared and paid for the six months amounted to \$3.32 million (June 30, 2020 – \$3.32 million).

24. CHANGES IN NON-CASH WORKING CAPITAL

	June 30, 2021	June 30, 2020
Trade & other receivables	\$ (1,142,447)	\$ (1,472,053)
Current taxes receivable	(330,679)	(211,369)
Current taxes payable	(450,799)	(176,795)
Prepaid expenses	(2,096)	(56,416)
Trade & other payables	641,181	(74,500)
Deferred revenue	6,627,169	6,393,648
Lease liability interest	32,959	50,261
Other liabilities & charges	(298,655)	60,818
	\$ 5,076,633	\$ 4,513,594

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	December 31, 2020		Cash flows		June 30, 2021	
Revolving credit facility	\$	4,946,744	\$	(1,003,060)	\$	3,943,684
	\$	4,946,744	\$	(1,003,060)	\$	3,943,684

26. 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 condensed consolidated financial statements.

27. RELATED PARTY TRANSACTIONS

Olympia's President and CEO owns and controls 29.49% 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, 2021		June 30, 2020	
Companies and businesses controlled by the President and CEO	\$	16,779	\$	15,954
	\$	16,779	\$	15,954

Service revenue from associated entities totaled \$16,779 for the six months ended June 30, 2021 (June 30, 2020 – \$15,954). This consisted mainly 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 of \$12,000 from Exempt Experts, a company controlled by the President and CEO.

Interest revenue	June 30, 2021		June 30, 2020	
Companies and businesses controlled by the President and CEO	\$	16,870	\$	23,144
	\$	16,870	\$	23,144

Interest revenue from associated entities totaled \$16,870 for the six months ended June 30, 2021 (June 30, 2020 – \$23,144), and consists of interest earned from the promissory note receivable.

Administrative expenses	June 30, 2021		June 30, 2020	
Companies and businesses controlled by the President and CEO (management fee)	\$	1,121,068	\$	1,626,484
Olympia Charitable Foundation		51,067		37,356
Companies and businesses controlled by the President and CEO		4,779		5,703
	\$	1,176,914	\$	1,669,543

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Administrative expenses paid to associated entities totaled \$1.18 million for the six months ended June 30, 2021 (June 30, 2020 – \$1.67 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia's matched donation totaled \$51,067 for the six months ended June 30, 2021 (June 30, 2020 – \$37,356).
- 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, 2021, this amounted to \$1.12 million (June 30, 2020 – \$1.63 million).

- Fees paid to Olympia ATM Ltd., a company owned and controlled by Olympia's President and CEO, of \$4,779 relate to maintenance services provided for Olympia's Foreign Exchange ATMs.

Trade and other receivables include amounts receivable from related parties

	June 30, 2021	December 31, 2020
Companies and businesses controlled by the President and CEO (current)	\$ 188,866	\$ 167,165
Companies and businesses controlled by the President and CEO (non-current)	980,000	1,260,000
	\$ 1,168,866	\$ 1,287,165

Receivables from associated entities totaled \$1.17 million as at June 30, 2021 (December 31, 2020 – \$1.29 million), and consisted mainly of the following:

- A receivable in the amount of \$18,789 (December 31, 2020 – \$22,560) from Tarman, a company controlled by Olympia's President and CEO, reflects legal services provided and cost recoveries relating to accounting and other administrative services provided.
- A receivable in the amount of \$11,563 (December 31, 2020 – \$4,605) 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 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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, 2021, the second installment of \$140,000 has been repaid, together with all accrued interest. The balance of the note is \$1,120,000 as at June 30, 2021.

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, 2021	December 31, 2020
Companies and businesses controlled by the President and CEO	\$ 30,012	\$ 146,117
Directors' fees	46,926	86,830
	\$ 76,938	\$ 232,947

Payables to associated entities totaled \$76,938 as at June 30, 2021 (December 31, 2020 – \$232,947), and consisted mainly of the following:

- A payable in the amount of \$28,657 (December 31, 2020 – \$36,668) 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 \$1,355 (December 31, 2020 – \$2,297) 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, 2020 – \$107,152) 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 \$46,926 (December 31, 2020 – \$86,830).

These payables are all current.

28. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified where necessary to conform to the current year's condensed consolidated financial statements presentation.

These include the presentation of the non-cash or interest portion of lease liabilities, and separate presentation of the current and

long-term portion of the promissory note receivable. These include the presentation of the non-cash or interest portion of lease liabilities, and separate presentation of the current and long-term portion of the promissory note receivable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Olympia classifies the following financial assets as fair value through profit or loss (FVPL):

- Equity investments that are held for trading; and

- Equity investments for which Olympia has not elected to recognize fair value gains and losses through other comprehensive income.

	June 30, 2021	December 31, 2020
Private equity securities - held for sale ¹	\$ 218,450	\$ -
Private equity securities – other	\$ 68,180	\$ 72,566
	\$ 286,630	\$ 72,566

¹On June 22, 2021, Olympia Financial Group acquired common shares in a Canadian corporation from clients of Olympia Trust's RRSP division at fair value. The shares were used as a non-cash settlement of outstanding accounts receivable. Management intends to sell these shares to a prospective buyer.

Olympia's financial assets at FVPL are classified as level 3 as at June 30, 2021 and December 31, 2020.

There were no transfers between the levels of fair value hierarchy during the two quarters ended June 30, 2021. The change in fair value as at June 30, 2021 is nominal, with no movement within level 3 due to the timing of when shares were obtained relative to the second quarter end date.

30. ACQUISITION OF INVESTMENT ACCOUNTS

Subsequent to June 30, 2021, Olympia Trust Company entered into an asset purchase agreement pursuant to which, subject to the satisfaction of certain conditions, Olympia Trust will purchase substantially all of the self-directed registered plan investment accounts currently administered by Community Trust Company (the "Transaction").

This acquisition from Community Trust Company will further consolidate Olympia's dominant position as Canada's leading provider of self-directed registered plan investment accounts for those wishing to invest in private company securities and arms-length mortgages.



CORPORATE INFORMATION

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CRAIG SKAUGE

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ROBIN FRY

Chief Executive Officer, Olympia Benefits Inc.



KEN FRY

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