



# Q1 2021 REPORT

## FINANCIAL STATEMENTS

2021

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# TABLE OF CONTENTS

- 02. Management's Responsibility for the Condensed Consolidated Interim Financial Statements
- 03. Condensed Consolidated Interim Financial Statements
- 07. Notes to the Condensed Consolidated Interim Financial Statements
- 27. Corporate Information

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

## For the first periods ended March 31, 2021, and March 31, 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 Board of Directors has reviewed and approved the accompanying unaudited condensed consolidated financial statements for the periods ended March 31, 2021, and March 31, 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, May 13, 2021

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (Unaudited)

(\$)	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash & cash equivalents (note 11)	\$ 26,099,090	\$ 15,939,759
Trade & other receivables (note 7)	4,033,179	2,809,248
Inventory	49,428	49,428
Prepaid expenses	1,730,860	1,722,259
Promissory note receivable (note 5)	148,388	140,000
Derivative financial instruments (notes 7 and 13)	2,873,794	3,340,251
Current tax receivable	274,406	-
Total current assets	<b>35,209,145</b>	24,000,945
<b>Non-current assets</b>		
Restricted cash & investments (note 10)	-	1,000,000
Equipment & other (note 14)	744,417	799,623
Intangible assets (note 15)	2,121,298	2,292,702
Right-of-use assets (note 16)	1,336,396	539,142
Other financial assets	72,093	72,566
Long-term lease receivable (note 7)	-	8,117
Promissory note receivable (note 5)	1,120,000	1,120,000
Deferred tax assets (note 20)	721,267	820,724
Total non-current assets	<b>6,115,471</b>	6,652,874
<b>Total assets</b>	<b>\$ 41,324,616</b>	\$ 30,653,819
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade & other payables (notes 7 and 17)	\$ 2,615,844	\$ 999,404
Deferred revenue (note 18)	10,090,288	550,876
Other liabilities & charges	1,624,687	1,962,561
Revolving credit facility (notes 12 and 25)	3,944,194	4,946,744
Lease liabilities (note 8)	776,720	890,722
Derivative financial instruments (notes 7 and 13)	2,533,167	1,801,662
Current tax liability	40,507	450,799
Total current liabilities	<b>21,625,407</b>	11,602,768
Lease liabilities (note 8)	975,142	147,564
<b>Total liabilities</b>	<b>\$ 22,600,549</b>	\$ 11,750,332
<b>EQUITY</b>		
Share capital (note 19)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 19)	86,373	86,373
Retained earnings	10,750,705	10,930,125
<b>Total equity</b>	<b>18,724,067</b>	18,903,487
<b>Total equity &amp; liabilities</b>	<b>\$ 41,324,616</b>	\$ 30,653,819
Contingencies (note 26)		

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

May 13, 2021

Signed Brian Newman

**Brian Newman, CPA, CA**

Director

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

THREE MONTHS ENDED MARCH 31	2021	2020
<b>Revenue</b>		
Service revenue (note 9)	\$ 11,070,722	\$ 8,842,555
Trust income (note 9)	1,914,002	3,327,713
Interest (note 9)	51,885	137,071
	<b>13,036,609</b>	12,307,339
<b>Expenses</b>		
Direct expenses (note 9)	1,146,345	739,171
Administrative expenses (note 9)	8,265,128	8,424,989
Depreciation and amortization (notes 9, 14, 15 and 16)	484,626	414,795
Other losses/(gains), net (notes 9 and 21)	1,202,216	(193,320)
	<b>11,098,315</b>	9,385,635
<b>Earnings before income tax</b>	<b>1,938,294</b>	2,921,704
Income tax expense (notes 9 and 20)		
Current	357,887	671,589
Deferred tax expense	99,457	106,734
<b>Total income tax expense</b>	<b>457,344</b>	778,323
<b>Net earnings and comprehensive income attributable to:</b>		
<b>Shareholders of Olympia</b>	\$ 1,480,950	\$ 2,176,526
<b>Non-controlling interests</b>	\$ -	\$ (33,145)
<b>Net earnings and comprehensive income for the period</b>	<b>\$ 1,480,950</b>	\$ 2,143,381
<b>Earnings per share attributable to shareholders of Olympia</b>		
Basic and diluted (note 22)	\$ 0.62	\$ 0.90

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

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

## Attributable to owners of Olympia

	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Retained Earnings</b>	<b>Non-controlling interest</b>	<b>Total Equity</b>
<b>Balance at January 1, 2020</b>	\$ 7,886,989	\$ 86,373	\$ 10,164,595	\$ (209,208)	\$ 17,928,749
Net earnings and comprehensive income	-	-	2,176,526	(33,145)	2,143,381
Dividends (note 23)	-	-	(1,660,370)	-	(1,660,370)
<b>Balance at March 31, 2020</b>	<b>\$ 7,886,989</b>	<b>\$ 86,373</b>	<b>\$ 10,680,751</b>	<b>\$ (242,353)</b>	<b>\$ 18,411,760</b>
<b>Balance at January 1, 2021</b>	<b>\$ 7,886,989</b>	<b>\$ 86,373</b>	<b>\$ 10,930,125</b>	<b>\$ -</b>	<b>\$ 18,903,487</b>
Net earnings and comprehensive income	-	-	1,480,950	-	1,480,950
Dividends (note 23)	-	-	(1,660,370)	-	(1,660,370)
<b>Balance at March 31, 2021</b>	<b>\$ 7,886,989</b>	<b>\$ 86,373</b>	<b>\$ 10,750,705</b>	<b>\$ -</b>	<b>\$ 18,724,067</b>

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

# CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

THREE MONTHS ENDED MARCH 31	2021	2020
<b>Cash flows from operating activities</b>		
Net earnings from operations	\$ 1,480,950	\$ 2,143,381
Items not affecting cash		
Depreciation of equipment & other (note 14)	135,797	120,942
Amortization of intangible assets (note 15)	199,019	160,372
Amortization of right-of-use assets (note 16)	149,809	133,481
Other	(8,334)	(11,762)
Loss on disposal of assets	-	1,165
Deferred income taxes recovery	99,457	106,734
Foreign exchange losses/(gains) (note 21)	1,197,962	(159,604)
Changes in non-cash working capital balances (note 24)	8,911,929	7,007,325
Net cash from operating activities	<b>12,166,589</b>	9,502,034
<b>Cash flows from investing activities</b>		
Purchase of equipment & other (note 14)	(80,591)	(41,338)
Purchase of intangible assets (note 15)	(27,615)	(123,645)
Proceeds on sale of securities	416	-
Change in restricted investment for collateral, net (note 10)	1,000,000	(9,450,367)
Net cash from investing activities	<b>892,210</b>	(9,615,350)
<b>Cash flows from financing activities</b>		
(Repayment)/borrowing of revolving credit facility	(1,002,550)	3,575,779
Receipt of lease receivable	12,205	12,206
Payment of lease liabilities (note 8)	(248,753)	(248,753)
Dividends (note 23)	(1,660,370)	(1,660,370)
Net cash from financing activities	<b>(2,899,468)</b>	1,678,862
<b>Net change in cash position</b>	<b>10,159,331</b>	1,565,546
<b>Cash, beginning of period</b>	<b>15,939,759</b>	13,754,089
<b>Cash, end of period</b>	<b>\$ 26,099,090</b>	\$ 15,319,635
<b>Cash is represented by:</b>		
Cash & cash equivalents (note 11)	\$ 26,099,090	\$ 15,319,635
	<b>\$ 26,099,090</b>	\$ 15,319,635
<b>Other information for operations</b>		
Interest received	\$ 27,353	\$ 106,879
Income taxes paid	\$ 1,042,585	\$ 768,000
Interest paid	\$ 30,280	\$ 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 three months ended March 31, 2020. On November 26, 2020, Olympia acquired the remaining 20% minority 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 three months ended March 31, 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 Board of Directors on May 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 three months ended March 31, 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 are 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.

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

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 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 March 31, 2021, the first installment of \$140,000 has been repaid. Interest of \$8,388 was outstanding as at March 31, 2021.

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 \$1.27 million promissory note receivable is the current portion of \$148,388 as at March 31, 2021.

## 6. FUNDS IN TRUST

### Registered Plans division ("RRSP")

At March 31, 2021, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of \$4.82 billion (December 31, 2020 – \$4.51 billion) plus cash, public securities, term deposits, and outstanding cheques with an estimated fair value of \$690.77 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 \$1.91 million for the three months ended March 31, 2021 (March 31, 2020 – \$3.33 million).

### Private Health Services Plan division ("Health")

At March 31, 2021, Health held funds in trust of \$11.69 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 March 31, 2021, CGP held funds in trust of \$4.02 million (December 31, 2020 – \$4.01 million) for clients who have paid margin requirements on forward foreign exchange contracts, and \$29.32 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 March 31, 2021, CSS held funds in trust and outstanding cheques of \$321.71 million (December 31, 2020 – \$1.05 billion) for clients who have hired Olympia Trust to provide trustee services. This includes approximately \$1.91 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,

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

lease liabilities, revolving credit facility and other liabilities and charges approximate their carrying amounts. Derivative financial instruments are measured at fair value through profit or loss. The fair value of all forward foreign exchange contracts is based on current bid prices for their respective terms to maturity in an active market.

## Risks associated with financial instruments

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

### (i) Liquidity risk

Liquidity risk is the risk that Olympia will encounter difficulties in

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

Liquidity risk is associated with Olympia's credit facility. The credit facility is available to finance day-to-day operations to a maximum principal amount of \$15 million (December 31, 2020 – \$15 million) and bears interest at the Canadian prime rate plus 0.25%. As at March 31, 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 security interest in all present and subsequently acquired property.

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

<b>At March 31, 2021</b>	<b>Current</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>Over 90 days</b>	<b>Total</b>
Trade and other payables	\$ 2,549,007	\$ -	\$ 66,837	\$ -	\$ 2,615,844
Other liabilities and charges	1,624,687	-	-	-	1,624,687
Current income tax liability	-	40,507	-	-	40,507
Lease liabilities	82,918	73,966	73,965	1,629,170	1,860,019
<b>Total</b>	<b>\$ 4,256,612</b>	<b>\$ 114,473</b>	<b>\$ 140,802</b>	<b>\$ 1,629,170</b>	<b>\$ 6,141,057</b>
<b>At December 31, 2020</b>					
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
<b>Total</b>	<b>\$ 2,955,663</b>	<b>\$ 533,717</b>	<b>\$ 169,748</b>	<b>\$ 677,034</b>	<b>\$ 4,336,162</b>

As at March 31, 2021, trade and other payables totaled \$2.62 million (December 31, 2020 – \$1.00 million). Olympia continues to meet all of the obligations associated with its financial liabilities.

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

<b>At March 31, 2021</b>	<b>Less than one year</b>	<b>One to two years</b>	<b>Two to three years</b>	<b>More than three years</b>	<b>Total undiscounted lease payments</b>
Lease payment	\$ 822,575	\$ 69,585	\$ 303,642	\$ 664,217	\$ 1,860,019

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

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

	March 31, 2021	December 31, 2020
Current	\$ 421,967	\$ 92,671
31 to 60 days	46,943	130,419
61 to 90 days	562,774	369,692
Over 90 days	1,501,483	1,208,880
	<b>\$ 2,533,167</b>	\$ 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 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.

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 (\$26.10 million) and the cash portion of the off-balance sheet arrangements (\$598.46 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 three months ended March 31, 2021, would have increased by approximately \$1.13 million (March 31, 2020 – \$1.02 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 March 31, 2021, impaired trade receivables net of allowances are \$1.66 million (December 31, 2020 – \$2.29 million).

The aging of trade and other receivables is as follows:

	March 31, 2021	December 31, 2020
Current	\$ 397,747	\$ 144,790
31 to 60 days	119,227	258,700
61 to 90 days	1,860,356	120,052
Over 90 days	2,882,570	3,537,411
Allowance for doubtful accounts	(1,226,721)	(1,251,705)
	<b>\$ 4,033,179</b>	\$ 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:

	March 31, 2021	December 31, 2020
At January 1	\$ 1,251,705	\$ 981,584
Increase in provision	86,761	717,640
Receivables written off	(111,745)	(447,519)
Allowance for doubtful accounts	<b>\$ 1,226,721</b>	\$ 1,251,705

Included within receivables is the current portion of a lease receivable of \$0.04 million (\$0.05 million – December 31, 2020) 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: \$ 206,013 ;
- more than two years but less than three years past due: \$ 527,749 ; and
- three or more years past due: \$ 529,303.

# 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:

	March 31, 2021	December 31, 2020
Current	\$ 572,278	\$ 354,936
31 to 60 days	57,509	679,283
61 to 90 days	606,290	897,144
Over 90 days	1,637,717	1,408,888
	<b>\$ 2,873,794</b>	\$ 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 \$18.72 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 March 31, 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 year ended March 31, 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.

## 8. 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 as follows:

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

	March 31, 2021		December 31, 2020
Balance at January 1	\$ 1,038,286	\$ 1,945,352	
Additions	947,063	-	
Lease repayment	(248,753)	(995,013)	
Non-cash interest	15,266	87,947	
Available at the end of the period/year	<b>\$ 1,751,862</b>	<b>\$ 1,038,286</b>	

The current portion as at March 31, 2021, is \$0.78 million (December 31, 2020 – \$0.89 million), with the non-current portion being \$0.98 million (December 31, 2020 – \$0.15 million). Included under administrative expenses are interest expenses related to the lease liabilities in the amount of \$0.02 million (March 31, 2020 – \$0.03 million) for the three months ended March 31, 2021.

On January 4, 2021, Olympia signed a new lease agreement for the head office location. \$947,063 represents the discounted value of this lease under IFRS 16. Olympia began operations at this location throughout 2021, and continues to use both the previous and new facilities to help ensure greater social distancing.

All staff will have moved 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 three months ended March 31, 2021

	<b>Health</b>	<b>RRSP</b>	<b>CGP</b>	<b>EE</b>	<b>CSS</b>	<b>Corporate</b>	<b>Total</b>
Service revenue <sup>1</sup>	\$ 2,119,842	\$ 4,486,022	\$ 3,691,113	\$ 264,815	\$ 504,899	\$ 4,031	\$ 11,070,722
Interest revenue and trust income	36,559	1,914,002	3,338	90	8,093	3,805	1,965,887
Direct expenses	(420,945)	1,724	(675,941)	(24,015)	(27,168)	-	(1,146,345)
	1,735,456	6,401,748	3,018,510	240,890	485,824	7,836	11,890,264
Administrative expenses	(998,871)	(4,598,457)	(1,606,021)	(437,565)	(613,542)	(10,672)	(8,265,128)
Depreciation and amortization	(42,911)	(288,164)	(76,294)	(66,221)	(11,036)	-	(484,626)
Other (losses), net (note 21)	-	(56)	(1,197,962)	-	-	(4,198)	(1,202,216)
Earnings/(loss) before income taxes	693,674	1,515,071	138,233	(262,896)	(138,754)	(7,034)	1,938,294
Income taxes (expense)/recovery <sup>2</sup>	(193,331)	(307,144)	(28,023)	73,270	28,129	(30,245)	(457,344)
Net earnings/(loss)	\$ 500,343	\$ 1,207,927	\$ 110,210	\$ (189,626)	\$ (110,625)	\$ (37,279)	\$ 1,480,950

<sup>1</sup> Included in service revenue for the CSS division are fees of \$34,750 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.

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

## Net operations for the three months ended March 31, 2020

	<b>Health</b>	<b>RRSP</b>	<b>CGP</b>	<b>EE</b>	<b>CSS</b>	<b>Corporate</b>	<b>Total</b>
Service revenue <sup>1</sup>	\$ 2,041,637	\$ 4,527,547	\$ 1,803,137	\$ 257,523	\$ 207,337	\$ 5,374	\$ 8,842,555
Interest revenue and trust income	76,712	3,327,713	44,765	252	1,191	14,151	3,464,784
Direct expenses	(406,896)	(17,982)	(286,260)	(22,532)	(5,501)	-	(739,171)
	1,711,453	7,837,278	1,561,642	235,243	203,027	19,525	11,568,168
Administrative expenses	(978,573)	(5,026,599)	(1,617,994)	(377,121)	(419,782)	(4,920)	(8,424,989)
Depreciation and amortization	(39,712)	(256,505)	(75,741)	(33,744)	(9,093)	-	(414,795)
Other (losses)/gains, net (note 21)	-	(629)	174,819	-	-	19,130	193,320
Earnings/(loss) before income taxes	693,168	2,553,545	42,726	(175,622)	(225,848)	33,735	2,921,704
Income taxes (expense)/recovery <sup>2</sup>	(183,068)	(624,313)	(10,446)	9,896	55,217	(25,609)	(778,323)
Net earnings/(loss)	\$ 510,100	\$ 1,929,232	\$ 32,280	\$ (165,726)	\$ (170,631)	\$ 8,126	\$ 2,143,381

<sup>1</sup> Included in service revenue for the CSS division are fees of \$73,000 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.

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

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

## Service revenue for the three months ended March 31, 2021

	<b>Health</b>	<b>RRSP</b>	<b>CGP</b>	<b>EE</b>	<b>CSS</b>	<b>Corporate</b>	<b>Total</b>
Account set-up and onboarding fees	\$ -	\$ 230,100	\$ -	\$ 27,506	\$ 86,675	\$ -	\$ 344,281
Annual administration and health spending account fees	418,288	3,071,942	-	-	141,142	-	3,631,372
Monthly and transaction fees	1,567,736	1,168,695	19,970	237,358	277,082	-	3,270,841
Trading profits and losses	-	-	3,669,874	-	-	-	3,669,874
Travel and life insurance brokerage fees	124,937	150	-	-	-	-	125,087
Other	8,881	15,135	1,269	(49)	-	4,031	29,267
<b>Service revenue</b>	<b>\$ 2,119,842</b>	<b>\$ 4,486,022</b>	<b>\$ 3,691,113</b>	<b>\$ 264,815</b>	<b>\$ 504,899</b>	<b>\$ 4,031</b>	<b>\$ 11,070,722</b>

No one customer in the CGP division represents more than 10% of the CGP division's total revenue earned for the three months ended March 31, 2021.

## Service revenue for the three months ended March 31, 2020

	<b>Health</b>	<b>RRSP</b>	<b>CGP</b>	<b>EE</b>	<b>CSS</b>	<b>Corporate</b>	<b>Total</b>
Account set-up and onboarding fees	\$ -	\$ 171,575	\$ -	\$ 53,970	\$ 133,434	\$ -	\$ 358,979
Annual administration and health spending account fees	376,184	3,085,989	-	-	47,688	-	3,509,861
Monthly and transaction fees	1,522,177	1,252,381	135,822	203,267	26,215	-	3,139,862
Trading profits and losses	-	-	1,637,975	-	-	-	1,637,975
Travel and life insurance brokerage fees	133,100	75	-	-	-	-	133,175
Other	10,176	17,527	29,340	286	-	5,374	62,703
<b>Service revenue</b>	<b>\$ 2,041,637</b>	<b>\$ 4,527,547</b>	<b>\$ 1,803,137</b>	<b>\$ 257,523</b>	<b>\$ 207,337</b>	<b>\$ 5,374</b>	<b>\$ 8,842,555</b>

No one customer in the CGP division represents more than 10% of the CGP division's total revenue earned for the three months ended March 31, 2020.

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

## 10. RESTRICTED CASH AND INVESTMENTS

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

Restricted cash and investments as at March 31, 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.

	March 31, 2021	December 31, 2020
Cash at bank and on hand	\$ 25,626,196	\$ 15,382,596
Non-restricted cash in circulation	472,894	557,163
	\$ 26,099,090	\$ 15,939,759

## 12. REVOLVING CREDIT FACILITY

As at March 31, 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 prior 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.

Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 1.65:1 (December 31, 2020 – 1.83:1). Total equity as at March 31, 2021, was \$18.72 million, compared to total equity of \$18.90 million at December 31, 2020. Throughout 2020 and 2021, Olympia was in compliance with all covenants.

During the period ended March 31, 2021, 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.

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

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.

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.

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 March 31, 2021,

As at March 31, 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)

	March 31, 2021	December 31, 2020
Available balance at January 1	\$ 10,053,256	\$ 8,344,653
Repaid	1,002,550	1,708,603
Available at the end of the period/year	\$ 11,055,806	\$ 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.

## 13. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at March 31, 2021	Notional amount as at March 31, 2021	Fair value as at December 31, 2020	Notional amount as at December 31, 2020
Current assets	\$ 2,873,794	\$ 44,358,458	\$ 3,340,251	\$ 111,386,251
Non-current assets (1–3 years)	\$ -	\$ -	\$ -	\$ -
Current liabilities	\$ 2,533,167	\$ 36,534,036	\$ 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 April 5, 2021, and December 31, 2021. 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 March 31, 2021, Olympia has margins held in Canadian dollars of \$4.02 million (December 31, 2020 – \$4.01 million).

For the period ended March 31, 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

	March 31, 2021	Level 1	Level 2	Level 3
Financial assets – derivative financial instruments	\$ 2,873,794	\$ -	\$ 2,873,794	\$ -
Financial liabilities – derivative financial instruments	(2,533,167)	-	(2,533,167)	-
	\$ 340,627	\$ -	\$ 340,627	\$ -

## 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

<b>March 31, 2021</b>	<b>Leasehold improvements</b>	<b>Computers &amp; equipment</b>	<b>Furniture &amp; fixtures</b>	<b>FX ATM equipment</b>	<b>Total</b>
<b>Cost</b>					
At beginning of year	\$ 3,046,572	\$ 763,489	\$ 984,083	\$ 288,012	\$ 5,082,156
Additions	39,965	26,959	13,667	-	80,591
<b>At end of period</b>	<b>\$ 3,086,537</b>	<b>\$ 790,448</b>	<b>\$ 997,750</b>	<b>\$ 288,012</b>	<b>\$ 5,162,747</b>
<b>Accumulated depreciation</b>					
At beginning of year	\$ 2,740,957	\$ 495,611	\$ 854,498	\$ 191,467	\$ 4,282,533
Depreciation charge for the period	65,269	42,805	15,523	12,200	135,797
<b>At end of period</b>	<b>\$ 2,806,226</b>	<b>\$ 538,416</b>	<b>\$ 870,021</b>	<b>\$ 203,667</b>	<b>\$ 4,418,330</b>
<b>Closing net book value</b>	<b>\$ 280,311</b>	<b>\$ 252,032</b>	<b>\$ 127,729</b>	<b>\$ 84,345</b>	<b>\$ 744,417</b>
<b>December 31, 2020</b>	<b>Leasehold improvements</b>	<b>Computers &amp; equipment</b>	<b>Furniture &amp; fixtures</b>	<b>FX ATM equipment</b>	<b>Total</b>
<b>Cost</b>					
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)
<b>At end of year</b>	<b>\$ 3,046,572</b>	<b>\$ 763,489</b>	<b>\$ 984,083</b>	<b>\$ 288,012</b>	<b>\$ 5,082,156</b>
<b>Accumulated depreciation</b>					
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
<b>At end of year</b>	<b>\$ 2,740,957</b>	<b>\$ 495,611</b>	<b>\$ 854,498</b>	<b>\$ 191,467</b>	<b>\$ 4,282,533</b>
<b>Closing net book value</b>	<b>\$ 305,615</b>	<b>\$ 267,878</b>	<b>\$ 129,585</b>	<b>\$ 96,545</b>	<b>\$ 799,623</b>

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

## 15. INTANGIBLE ASSETS

<b>March 31, 2021</b>	<b>Internally generated software</b>	<b>Computer software</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>				
At beginning of year	\$ 2,709,552	\$ 1,731,324	\$ 27,305	\$ 4,468,181
Additions	27,615	-	-	27,615
<b>At end of period</b>	<b>\$ 2,737,167</b>	<b>\$ 1,731,324</b>	<b>\$ 27,305</b>	<b>\$ 4,495,796</b>
<b>Accumulated depreciation</b>				
At beginning of year	\$ 1,060,833	\$ 1,087,917	\$ 26,729	\$ 2,175,479
Depreciation charge for the period	111,660	87,170	189	199,019
<b>At end of period</b>	<b>\$ 1,172,493</b>	<b>\$ 1,175,087</b>	<b>\$ 26,918</b>	<b>\$ 2,374,498</b>
<b>Closing net book value</b>	<b>\$ 1,564,674</b>	<b>\$ 556,237</b>	<b>\$ 387</b>	<b>\$ 2,121,298</b>

<b>December 31, 2020</b>	<b>Internally generated software</b>	<b>Computer software</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>				
At beginning of year	\$ 2,373,033	\$ 1,719,246	\$ 27,305	\$ 4,119,584
Additions	336,519	12,078	-	348,597
<b>At end of year</b>	<b>\$ 2,709,552</b>	<b>\$ 1,731,324</b>	<b>\$ 27,305</b>	<b>\$ 4,468,181</b>
<b>Accumulated depreciation</b>				
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
<b>At end of year</b>	<b>\$ 1,060,833</b>	<b>\$ 1,087,917</b>	<b>\$ 26,729</b>	<b>\$ 2,175,479</b>
<b>Closing net book value</b>	<b>\$ 1,648,719</b>	<b>\$ 643,407</b>	<b>\$ 576</b>	<b>\$ 2,292,702</b>

### Additions

The capital additions of \$0.03 million relates 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 and web applications (\$0.02 million).

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

## 16. RIGHT-OF-USE ASSETS

	March 31, 2021	December 31, 2020
Balance at January 1	\$ 539,142	\$ 1,073,064
Additions (note 8)	947,063	-
Depreciation	(149,809)	(533,922)
Available at the end of the period/year	\$ 1,336,396	\$ 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

	March 31, 2021	December 31, 2020
Trade payables	\$ 1,071,096	\$ 222,751
Agents and commissions payable	262,622	325,658
Amounts due to related parties	103,569	125,795
Government taxes and other payables	1,178,557	325,200
	<b>\$ 2,615,844</b>	\$ 999,404

## 18. DEFERRED REVENUE

	March 31, 2021	December 31, 2020
Annual registered plan services administration fees	\$ 9,403,631	\$ -
Annual health spending account fee	617,711	518,880
Annual corporate & shareholder services retainer fees	68,946	31,996
	<b>\$ 10,090,288</b>	\$ 550,876

At March 31, 2021, deferred revenue totaled \$10.09 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	<b>2,406,336</b>	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Balance at March 31, 2021	<b>2,406,336</b>	\$ 7,886,989	\$ 86,373	\$ 7,973,362

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2020	<b>2,406,336</b>	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Balance at March 31, 2020	<b>2,406,336</b>	\$ 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:

	March 31, 2021	December 31, 2020
Bad debts provision and other	\$ 533,173	\$ 523,312
Non-capital losses	<b>586,949</b>	753,391
Carrying amount of equipment higher than the tax basis	<b>(398,855)</b>	(455,979)
	<b>\$ 721,267</b>	\$ 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 March 31, 2021, was 23.5% (March 31, 2020 – 25%).

	March 31, 2021	March 31, 2020
Earnings from continuing operations before income tax	\$ 1,938,294	\$ 2,921,704
Anticipated income tax expense	<b>459,785</b>	730,426
Non-deductible expenses	<b>2,395</b>	11,146
Other	<b>(4,836)</b>	-
Remeasurement of deferred tax - change in provincial tax rate	-	36,751
	<b>\$ 457,344</b>	\$ 778,323
Current tax expense	<b>\$ 357,887</b>	\$ 671,589
Deferred tax recovery	<b>99,457</b>	106,734
Total	<b>\$ 457,344</b>	\$ 778,323

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

## 21. OTHER LOSSES/(GAINS), NET

	March 31, 2021	March 31, 2020
Unrealized foreign exchange loss/(gain)	\$ 1,197,962	\$ (159,604)
Loss on disposal of assets and other	4,254	(33,716)
	<b>\$ 1,202,216</b>	<b>\$ (193,320)</b>

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

## 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.

Three months ended	March 31, 2021	March 31, 2020
Total net earnings	\$ 1,480,950	\$ 2,176,526
Weighted average number of shares (basic and diluted)	2,406,336	2,406,336
Basic and diluted earnings per share	<b>\$ 0.62</b>	0.90

## 23. DIVIDENDS PER SHARE

The aggregate dividends declared and paid for the three months amounted to \$1.66 million (March 31, 2020 – \$1.66 million).

## 24. CHANGES IN NON-CASH WORKING CAPITAL

	March 31, 2021	March 31, 2020
Deferred revenue	\$ 9,539,413	\$ 9,424,859
Trade & other payables	1,616,442	429,802
Trade & other receivables	(1,228,019)	(2,604,479)
Current taxes payable	(410,292)	(176,795)
Other liabilities & charges	(337,874)	263,930
Current taxes receivable	(274,406)	(81,485)
Lease liability interest	15,266	26,800
Prepaid expenses	(8,601)	(275,307)
	<b>\$ 8,911,929</b>	<b>\$ 7,007,325</b>

## 25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	December 31, 2020	Cash flows	March 31, 2021
Revolving credit facility	\$ 4,946,744	\$ (1,002,550)	<b>\$ 3,944,194</b>
	<b>\$ 4,946,744</b>	<b>\$ (1,002,550)</b>	<b>\$ 3,944,194</b>

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

## 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:

<b>Service revenue</b>	<b>March 31, 2021</b>	March 31, 2020
Companies and businesses controlled by the President and CEO	\$ 10,362	\$ 26,565
	\$ 10,362	\$ 26,565

Service revenue from associated entities totaled \$10,362 for the three months ended March 31, 2021 (March 31, 2020 – \$26,565). 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 \$6,000 from Exempt Experts, a company controlled by the President and CEO.

<b>Interest revenue</b>	<b>March 31, 2021</b>	March 31, 2020
Companies and businesses controlled by the President and CEO	\$ 8,388	\$ 13,720
	\$ 8,388	\$ 13,720

Interest revenue from associated entities totaled \$8,388 for the three months ended March 31, 2021 (March 31, 2020 – \$13,720), and consists of interest earned from the promissory note receivable.

<b>Administrative expenses</b>	<b>March 31, 2021</b>	March 31, 2020
Companies and businesses controlled by the President and CEO (management fee)	\$ 552,062	\$ 836,437
Olympia Charitable Foundation	27,153	18,575
Companies and businesses controlled by the President and CEO	4,362	5,703
	\$ 583,577	\$ 860,715

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

Administrative expenses paid to associated entities totaled \$0.58 million for the three months ended March 31, 2021 (March 31, 2020 – \$0.86 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia's matched donation totaled \$27,153 for the three months ended March 31, 2021 (March 31, 2020 – \$18,575).
- 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 three months ended March 31, 2021, this amounted to \$0.55 million (March 31, 2020 – \$0.84 million).

- Fees paid to Olympia ATM Ltd., a company owned and controlled by Olympia's President and CEO, of \$4,362 relate to maintenance services provided for Olympia's Foreign Exchange ATMs.

## **Trade and other receivables include amounts receivable from related parties**

Companies and businesses controlled by the President and CEO (current)	\$ 206,855	\$ 167,165
Companies and businesses controlled by directors (non-current)	1,120,000	1,120,000
	\$ 1,326,855	\$ 1,287,165

Receivables from associated entities totaled \$1.33 million as at March 31, 2021 (December 31, 2020 – \$1.29 million), and consisted mainly of the following:

- A receivable in the amount of \$53,078 (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 administration services provided.
- A receivable in the amount of \$4,913 (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 to Canadian Western Bank's consent, which Olympia has

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

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 March 31, 2020, the first installment of

\$140,000 has been repaid. The balance of the note is \$1,260,000 in principal and \$8,388 in outstanding interest as at March 31, 2020.

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**

Companies and businesses controlled by the President and CEO	\$ 36,362	\$ 146,117
Directors' fees	67,207	86,830
	<b>\$ 103,569</b>	\$ 232,947

Payables to associated entities totaled \$103,569 as at March 31, 2021 (December 31, 2020 – \$232,947), and consisted mainly of the following:

- A payable in the amount of \$31,738 (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 \$nil (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 \$4,624 (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.

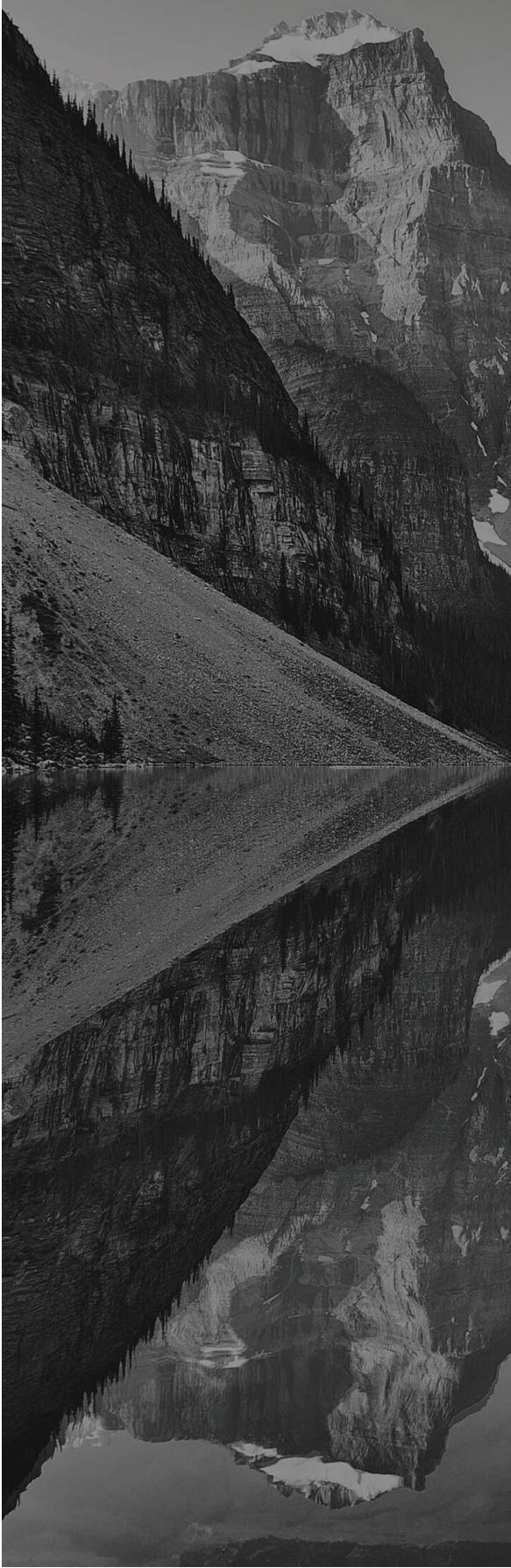
• A payable for directors' fees of \$67,207 (December 31, 2020 – \$86,830).

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.



# CORPORATE INFORMATION

## Directors

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

## Board Committees

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

## Head Office

4000, 520 – 3rd Avenue SW  
Calgary, AB T2P 0R3  
Tel: 403-261-0900  
Fax: 403-265-1455  
[www.olympiafinancial.com](http://www.olympiafinancial.com)  
[info@olympiafinancial.com](mailto:info@olympiafinancial.com)

## Transfer Agent

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

## Auditors

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

# THE EXECUTIVE TEAM



**RICK SKAUGE**

President and Chief Executive Officer



**CRAIG SKAUGE**

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



**GERHARD BARNARD**

Chief Financial Officer and Vice President, Finance



**ROBIN FRY**

Chief Executive Officer,  
Olympia Benefits Inc.



**KEN FRY**

President, Olympia Benefits Inc.



**NEIL MCCULLAGH**

Vice President, Currency and Global Payments



**ANDREA GILLIS**

Vice President, Securities Registered Plans



**KELLY REVOL**

Vice President, Mortgages Registered Plans



**STEPHEN PRESTON**

Vice President, Exempt Edge



**DEAN NAUGLER**

Vice President, Corporate and Shareholder Services



**JONATHAN BAHNUIK**

General Counsel



**RYAN MCKENNA**

Vice President, Information Technology





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