

Condensed Interim Financial Statements of

# **Urbana Corporation**

March 31, 2021 and March 31, 2020

(Unaudited)

**NOTICE:** This interim financial report has not been reviewed by an auditor.

# Urbana Corporation

Unaudited Condensed Interim Financial Statements  
March 31, 2021 and March 31, 2020

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# Urbana Corporation

Condensed interim statements of financial position  
as at March 31, 2021 and March 31, 2020

(Unaudited)

(In Canadian dollars)

	March 31, 2021	December 31, 2020
	\$	\$
<b>Assets</b>		
Cash	1,838,963	732,456
Investments, at fair value (Notes 2 and 3)	297,942,621	287,215,004
Accounts and other receivables (Notes 4 and 9)	288,622	387,180
	<b>300,070,206</b>	<b>288,334,640</b>
<b>Liabilities</b>		
Loan payable (Note 6)	16,500,000	22,800,000
Accounts payable and accrued liabilities (Note 5)	1,820,014	1,724,354
Deferred income tax liability (Note 10)	17,407,000	14,641,000
	<b>35,727,014</b>	<b>39,165,354</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	106,838,917	106,902,807
Contributed surplus	68,707,498	68,706,177
Retained earnings	88,796,777	73,560,302
Shareholders' equity representing net assets	<b>264,343,192</b>	<b>249,169,286</b>
Total liabilities and shareholders' equity	<b>300,070,206</b>	<b>288,334,640</b>
<b>Number of shares outstanding (Note 8)</b>	<b>44,189,627</b>	<b>44,211,727</b>

See accompanying notes

Approved by the Board



Director



Director

# Urbana Corporation

Condensed interim statements of comprehensive income (loss)  
for the three month periods ended March 31, 2021 and March 31, 2020

(Unaudited)

(In Canadian dollars)

	2021	2020
	\$	\$
<b>Revenue</b>		
Net realized gain (loss) on sale and disposal of investments	(2,791,871)	7,861,268
Net change in unrealized gain (loss) on investments	26,252,702	(59,361,039)
Dividends	663,466	879,293
Interest	69,868	36,986
	<b>24,194,165</b>	<b>(50,583,492)</b>
<b>Expenses</b>		
Investment management fees (Note 9)	1,550,872	1,531,207
Interest	197,167	286,213
Administrative (Note 9)	344,159	284,558
Transaction costs (Note 9)	663	9,568
Professional fees	51,545	33,080
	<b>2,144,406</b>	<b>2,144,626</b>
Net income (loss) before income taxes	<b>22,049,759</b>	<b>(52,728,118)</b>
Foreign withholding tax expense (Note 10)	68,209	124,312
Provision for (recovery of) deferred income taxes (Note 10)	2,766,000	(7,276,000)
Income tax expense (recovery)	2,834,209	(7,151,688)
<b>Total profit (loss) and comprehensive income (loss) for the period</b>	<b>19,215,550</b>	<b>(45,576,430)</b>
<b>Basic and diluted earnings (loss) per share</b>	<b>0.43</b>	<b>(0.92)</b>
<b>Weighted average number of shares outstanding</b>	<b>44,200,152</b>	<b>49,306,270</b>

See accompanying notes

# Urbana Corporation

Condensed interim statements of changes in equity  
for the three month periods ended March 31, 2021 and March 31, 2020  
(Unaudited)  
(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2020	122,374,730	66,715,564	64,435,199	253,525,493
Total loss and comprehensive loss for the period	-	-	(45,576,430)	(45,576,430)
Dividends paid	-	-	(3,958,579)	(3,958,579)
Normal course issuer bid purchases	(1,365,889)	144,888	-	(1,221,001)
<b>Balance at March 31, 2020</b>	<b>121,008,841</b>	<b>66,860,452</b>	<b>14,900,190</b>	<b>202,769,483</b>
<b>Balance at January 1, 2021</b>	<b>106,902,807</b>	<b>68,706,177</b>	<b>73,560,302</b>	<b>249,169,286</b>
<b>Total profit and comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>19,215,550</b>	<b>19,215,550</b>
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(3,979,075)</b>	<b>(3,979,075)</b>
<b>Normal course issuer bid repurchases</b>	<b>(63,890)</b>	<b>1,321</b>	<b>-</b>	<b>(62,569)</b>
<b>Balance at March 31, 2021</b>	<b>106,838,917</b>	<b>68,707,498</b>	<b>88,796,777</b>	<b>264,343,192</b>

See accompanying notes

# Urbana Corporation

Condensed interim statements of cash flows  
for the three month periods ended March 31, 2021 and March 31, 2020  
(Unaudited)

(In Canadian dollars)

	2021	2020
	\$	\$
<b>Operating activities</b>		
Total profit (loss) and comprehensive income (loss) for the period	19,215,550	(45,576,430)
Items not affecting cash		
Net realized (gain) loss on sale and disposal of investments	2,791,871	(7,861,268)
Net change in unrealized (gain) loss on investments	(26,252,702)	59,361,039
Provision for (recovery of) deferred income taxes	2,766,000	(7,276,000)
Purchases of investments	(17,460,802)	(19,387,753)
Proceeds on sale of investments	30,194,015	29,777,368
	<b>11,253,932</b>	<b>9,036,956</b>
Net change in non-cash working capital items		
Accounts and other receivables	98,559	(151,957)
Accounts payable and accrued liabilities	95,660	153,697
	<b>194,219</b>	<b>1,740</b>
Cash provided by operating activities	<b>11,448,151</b>	<b>9,038,696</b>
<b>Financing activities</b>		
Issuance of loan payable	7,100,000	7,600,000
Repayment of loan payable	(13,400,000)	(10,300,000)
Dividends paid	(3,979,075)	(3,958,579)
Normal course issuer bid repurchases	(62,569)	(1,221,001)
Cash used in financing activities	<b>(10,341,644)</b>	<b>(7,879,580)</b>
Net change in cash during the period	<b>1,106,507</b>	<b>1,159,116</b>
Cash, beginning of period	<b>732,456</b>	<b>875,089</b>
<b>Cash, end of period</b>	<b>1,838,963</b>	<b>2,034,205</b>
<b>Supplemental disclosure</b>		
Dividends received	595,447	750,321
Interest received	165,666	50,698
Interest paid	202,352	279,774

See accompanying notes

# Urbana Corporation

## Condensed interim schedule of investment portfolio

as at March 31, 2021

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	<b>Private equity investments</b>	\$	\$
13,260,878	CNSX Markets Inc. (Note 9)	7,248,349	44,423,941
1,327,620	Miami International Holdings Inc.	12,257,268	12,931,799
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,272,000
2,350,000	Radar Capital Inc. Class A Common (Note 9)	50	-
16,755,081	Radar Capital Inc. Class B Common (Note 9)	12,566,311	10,260,812
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	4,380,000
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,850,000	2,254,585
15,259,886	Highview Financial Holdings Inc. (Note 9)	11,546,243	17,548,869
5	Integrated Grain Processors Co-operative Inc. Membership Shs	500	500
1,400,999	Integrated Grain Processors Co-operative Inc. Class E Preferred	3,572,547	3,572,547
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	6,894,134
84,012	Caldwell Growth Opportunities Fund ("CGOF") (i) (Note 9)	703,437	740,333
7,000	Caldwell India Holdings Inc. ("CIHI") (ii)	152,472	88,580
465,381	Vive Crop Protection Inc. Class A2 Preferred	314,132	314,132
455,671	Vive Crop Protection Inc. Class B1 Preferred	45,567	45,567
6,500,000	Vive Crop Protection Inc. Class B3 Preferred	3,250,000	3,250,000
3,250,000	Vive Crop Protection Inc. ("Vive") Warrants (iii)	-	-
27,428	Kognitiv Corporation Preferred	353,000	353,000
122,222	Kognitiv Corporation	2,404,596	1,399,430
6,047,895	FundThrough Inc. Preferred	6,250,000	6,250,000
		72,341,120	116,980,229
	<b>Public equity investments</b>		
796,939	Caldwell Canadian Value Momentum Fund (Note 9)	15,000,000	16,633,542
343,238	Urbana Mauritius Inc. ("UMI") (iv)	6,346,517	4,232,021
110,000	Cboe Global Markets, Inc.	3,637,004	13,644,238
100,000	Intercontinental Exchange Group Inc.	4,153,846	14,036,501
200,000	Citigroup Inc.	10,176,194	18,287,168
350,000	Bank of America Corp.	4,882,387	17,019,634
250,000	Morgan Stanley	6,933,526	24,401,743
1,600,000	Real Matters Inc.	6,214,667	22,880,000
50,000	SNC Lavalin Group Inc.	1,125,286	1,345,000
104,000	Telus Corporation	2,636,400	2,603,120
700,000	AGF Management Ltd. Class B	4,044,556	5,243,000
200,000	KKR & Co. Inc. Class A	7,516,623	12,279,425
3,000,000	Whitecap Resources Inc.	10,531,333	16,560,000
2,300,000	Metamaterial Inc.	1,421,818	7,797,000
		84,620,157	176,962,392
	<b>Private debt investments</b>		
3,000,000	Highview Financial Holdings Inc. (v)	3,000,000	3,000,000
1,000	Integrated Grain Processors Co-operative Inc. (vi)	1,000,000	1,000,000
		4,000,000	4,000,000
		160,961,277	297,942,621

(i) Urbana owns 12.06% of CGOF, which owns 5.50% of the Class B common shares of Radar Capital Inc.

(ii) CIHI, a wholly-owned subsidiary of Urbana, formed for the purpose of holding equity shares of the Bombay Stock Exchange (the "BSE"), completed the sale of all of the BSE shares it held in February 2021. Subsequently, almost all of the sale proceeds have been repatriated to Urbana, leaving approximately \$90,000 in cash in CIHI for administrative purposes.

(iii) Each Vive warrant is exercisable at \$0.65 until December 31, 2021 and then at \$0.75 from January 1, 2022 to December 31, 2022.

(iv) UMI, a wholly-owned subsidiary of Urbana, holds 10,589 BSE shares and cash from the sale of BSE shares previously held.

(v) Unsecured convertible promissory note maturing on June 30, 2023 with interest at 8% per annum payable quarterly. This promissory note was issued in connection with a \$3 million revolving line of credit and is convertible (in whole or in part) into common shares on the maturity date at \$1.07 per common share.

(vi) Debenture maturing on July 31, 2023 with interest at 7% per annum payable quarterly.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. No mining expenditures were incurred in 2021 or 2020.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

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Urbana Corporation (“Urbana” or the “Company”) is an investment company that is not considered an investment fund for securities law purposes but is treated as an investment entity for accounting purposes.

The Company’s common shares (“Common Shares”) and non-voting class A shares (“Class A Shares”) are listed for trading on the Toronto Stock Exchange (“TSX”) and the Canadian Securities Exchange (“CSE”). Its registered head office is located at 150 King Street West, Suite 1702, Toronto, Ontario, M5H 1J9.

The business objectives and strategies of Urbana are to seek out, and invest in, private investment opportunities for capital appreciation and to invest in publicly traded securities to provide growth, income and liquidity.

### 1. Summary of significant accounting policies

#### *Basis of presentation*

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board. They are presented in compliance with International Accounting Standard 34 “*Interim Financial Reporting*”.

The Company qualifies as an investment entity under IFRS 10 “*Consolidated Financial Statements*”.

#### *Statement of compliance*

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### *Judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period. Actual results could differ from those estimates. Significant judgments and estimates included in the financial statements relate to the valuation of level 3 investments and realization of the deferred income tax liability.

#### Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, Urbana is required to make significant judgments about the Company’s business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at fair value through profit or loss (“FVTPL”).

#### Valuation of investments

Investments are measured at fair value in accordance with IFRS 13 “*Fair Value Measurement*”. Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded, provided the close price is within the bid-ask spread.

Securities which are listed on a stock exchange or traded over-the-counter and which are subject to a hold period or other trading restrictions are valued as described above, with an appropriate discount as determined by management.



# Urbana Corporation

## Notes to the condensed interim financial statements for the three month periods ended March 31, 2021 and March 31, 2020

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### 1. Summary of significant accounting policies (continued)

#### *Judgments and estimates (continued)*

##### Valuation of investments (continued)

Investments for which reliable quotations are not readily available, or for which there is no closing bid price, including securities of private issuers, are valued at fair value using management's best estimates. A number of valuation methodologies may be considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cash flows, industry valuation benchmarks, available market prices and formulas prescribed by applicable shareholder agreements. During the initial period after an investment has been made, cost translated using the period end foreign currency exchange rate may represent the most reasonable estimate of fair value. Unrealized gains and losses on investments are recognized in the Statements of Comprehensive Income (Loss).

The Company takes its own credit risk and the risk of its counterparties into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Management has reviewed its policies concerning valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in the Company's financial statements incorporate appropriate levels of credit risk.

There are inherent uncertainties in the process of valuing investments for which there are no published markets. Management uses various valuation techniques with unobservable market inputs in its determination of fair value of private investments, those most significant of which are disclosed in Note 2. Management exercises judgment in the determination of certain assumptions about market conditions existing at the date of the financial statements in the application of the chosen valuation techniques. As such, the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Refer to Note 2 for the classification of the fair value measurements.

##### Mining Claims

In accordance with IFRS 6 "*Exploration for and Evaluation of Mineral Resources*", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources.

#### *Segmented information*

The Company is organized as one main operating segment, namely the management of the Company's investments, in order to achieve the Company's investment objectives.

#### *Functional and presentation currency*

The Company considers its functional and presentation currency to be the Canadian dollar, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars.

#### *Foreign currency translation*

The monetary assets and liabilities of the Company are translated into Canadian dollars, the Company's functional currency, at exchange rates in effect at the date of the statement of financial position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Foreign exchange gains and losses are included in the Statements of

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

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### 1. Summary of significant accounting policies (continued)

Comprehensive Income (Loss). Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

#### *Financial instruments*

The Company's financial instruments are comprised of cash, investments, accounts and other receivables, loan payable, and accounts payable and accrued liabilities. The Company recognizes financial instruments at fair value upon initial recognition. The Company measures the expected credit loss ("ECL") allowance on accounts and other receivables at an amount equal to the 12 month expected credit losses. Given the short-term nature of accounts and other receivables and the high credit quality, the Company has determined that the ECL allowance is not material.

Investments have been classified at FVTPL with gains and losses recorded in net income. Cash, accounts and other receivables are measured at amortized cost. Loan payable and accounts payable and accrued liabilities are measured at amortized cost. The carrying values approximate their fair values due to their short-term maturities.

#### *Transaction costs*

Transaction costs are expensed as incurred and are included in "Transaction costs" in the Statements of Comprehensive Income (Loss). Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

#### *Deferred income taxes*

The Company accounts for deferred income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

#### *Investment transactions and income recognition*

Investment transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Realized gains and losses from investment transactions and unrealized net gain or loss on foreign exchange and investments are calculated on an average cost basis.

#### *Earnings (loss) per share*

Basic earnings (loss) per share is computed by dividing the total profit (loss) for the year by the weighted average number of Common Shares outstanding during the year, including contingently issuable shares, which are included when the conditions necessary for issuance have been met. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the "treasury stock" method for purchase warrants and stock options.

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2021 and March 31, 2020

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## 1. Summary of significant accounting policies (continued)

### *Interests in Other Entities*

The table below presents the unconsolidated subsidiaries of the Company as at March 31, 2021 and December 31, 2020:

<b>Subsidiary's Name</b>	<b>Place of Business</b>	<b>% of Equity Interest held by Urbana</b>	<b>% of Voting Rights held by Urbana</b>
Caldwell India Holdings Inc. – held Bombay Stock Exchange shares <sup>(1)</sup>	Mauritius	100%	100%
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. <sup>(2)</sup>	Toronto	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%

<sup>(1)</sup> Caldwell India Holdings Inc. ("CIHI"), a wholly-owned subsidiary of Urbana, held an investment in equity shares of the Bombay Stock Exchange (the "BSE"). CIHI no longer holds any BSE shares and as a result, CIHI is being wound up.

<sup>(2)</sup> Urbana Special Investment Holdings Ltd. ("USIH"), a wholly-owned subsidiary of Urbana, held an investment in equity shares of OneChicago, LLC, which was written-off as at December 31, 2018. OneChicago has been wound up and as a result, USIH is being wound up.

## 2. Fair value measurement

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 2. Fair value measurement (continued)

The following is a summary of the Company's investments categorized in the fair value hierarchy as at March 31, 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	156,096,829	20,865,563	-	176,962,392
Private equity investments	-	88,580	116,891,649	116,980,229
Private debt investments	-	-	4,000,000	4,000,000
	156,096,829	20,954,143	120,891,649	297,942,621

Level 2 and 3 valuation methods – March 31, 2021

Description	Fair value (\$) <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Public equity investments</b>				
Caldwell Canadian Value Momentum Fund	16,633,542	Net asset value per unit	Net asset value per unit	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	4,232,021	Market transaction	Recent transaction price	N/A
<b>Private equity investments</b>				
Caldwell Financial Ltd.	2,272,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	12,931,799	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	44,423,941	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	740,333	Net asset value per unit	Net asset value per unit	N/A
Caldwell India Holdings Inc. – held Bombay Stock Exchange shares	88,580	Cash value	N/A	N/A
Highview Financial Holdings Inc.	17,548,869	EV as a % of AUM <sup>(3)</sup>	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	6,894,134	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	-	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	10,260,812	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class A	4,380,000	Median adjusted EV as a % of AUM	Median adjusted EV as a % of AUM	0.8%-5.4% <sup>(4)</sup>
Evolve Funds Group Inc. Class B	2,254,585	Median adjusted EV as a % of AUM	Median adjusted EV as a % of AUM	0.8%-5.4% <sup>(4)</sup>
Integrated Grain Processors Co-operative Inc. Membership Shares	500	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Class E	3,572,547	Market transaction	Recent transaction price	N/A

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2021 and March 31, 2020

## 2. Fair value measurement (continued)

Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	3.3-12.6 <sup>(5)</sup>
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	3.3-12.6 <sup>(5)</sup>
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	3.3-12.6 <sup>(5)</sup>
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	3.3-12.6 <sup>(5)</sup>
Kognitiv Corporation Preferred	353,000	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	1,399,430	Market transaction	Recent transaction price	N/A
FundThrough Inc. Preferred	6,250,000	Market transaction	Recent transaction price	N/A
<b>Private debt investments</b>				
Highview Financial Holdings Inc.	3,000,000	Face value	N/A	N/A
Integrated Grain Processors Co-operative Inc.	1,000,000	Face value	N/A	N/A
<b>Ending balance</b>	<b>141,845,792</b>			

<sup>(1)</sup> See Note 1 – Valuation of investments

<sup>(2)</sup> Where it is applicable, an input or range has been provided

<sup>(3)</sup> Enterprise value as a percentage of assets under management

<sup>(4)</sup> Median adjusted enterprise value as a percentage of assets under management: 2.3%

<sup>(5)</sup> Last twelve months enterprise value/revenue: 7.9x

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	153,350,428	12,904,202	-	166,254,630
Private equity investments	-	-	115,826,394	115,826,394
Private debt investments	-	-	5,133,980	5,133,980
	153,350,428	12,904,202	120,960,374	287,215,004

Level 2 and 3 valuation methods – December 31, 2020

Description	Fair value (\$) <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Public equity investments</b>				
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	8,474,503	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	4,429,699	Market transaction	Recent transaction price	N/A

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 2. Fair value measurement (continued)

<b>Private equity investments</b>				
Caldwell Financial Ltd.	2,160,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	12,262,562	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	40,578,287	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	694,840	Net asset value per unit	Net asset value per unit	N/A
Caldwell Canadian Value Momentum Fund	16,047,553	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	11,322,108	EV as a % of AUM <sup>(3)</sup>	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	5,445,104	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	-	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	10,240,706	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class A	3,594,009	EV as a % of AUM	EV as a % of AUM	3.5%
Evolve Funds Group Inc. Class B	1,850,000	EV as a % of AUM	EV as a % of AUM	3.5%
Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 <sup>(4)</sup>
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 <sup>(4)</sup>
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 <sup>(4)</sup>
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 <sup>(4)</sup>
Kognitiv Corporation Preferred	353,000	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	1,418,526	Market transaction	Recent transaction price	N/A
FundThrough Inc. Preferred	6,250,000	Market transaction	Recent transaction price	N/A
<b>Private debt investments</b>				
Highview Financial Holdings Inc.	3,000,000	Face value	N/A	N/A
Radar Capital Inc.	2,133,980	Face value	N/A	N/A
<b>Ending balance</b>	<b>133,864,576</b>			

<sup>(1)</sup> See Note 1 – Valuation of investments

<sup>(2)</sup> Where it is applicable, an input or range has been provided

<sup>(3)</sup> Enterprise value as a percentage of assets under management

<sup>(4)</sup> Last twelve months enterprise value/revenue: 5.0x

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 2. Fair value measurement (continued)

#### **Change in valuation methodology**

During 2021, the Company changed the primary valuation technique for CIHI from a methodology based on a recent market transaction to a methodology based on its cash value. CIHI sold all of its shares of the BSE and thus the recent market transaction is no longer relevant. CIHI now holds only cash and is being wound up. As a result, it is now presented as a private equity investment.

During 2020, the Company changed the primary valuation technique for Evolve Funds Group Inc. ("Evolve") from a methodology based on a recent market transaction to a methodology based on EV as a multiple of AUM because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Evolve shares. In the absence of a recent transaction, the EV as a multiple of AUM methodology was more suitable in determining fair value. Also during 2020, the Company changed the primary valuation technique for Vive Crop Protection Inc. ("Vive") from a methodology based on a recent market transaction to a methodology based on an EV/revenue multiple because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Vive shares. In the absence of a recent transaction, the EV/revenue multiple methodology was more suitable in determining fair value.

During the three month period ended March 31, 2021 and the year ended December 31, 2020 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

	<b>March 31, 2021</b>		
	<b>Private equity investments</b>	<b>Private debt investments</b>	<b>Total</b>
	\$	\$	\$
Beginning balance	115,826,394	5,133,980	120,960,374
Change in unrealized gain	8,202,260	-	8,202,260
Purchases	9,496,537	1,000,000	10,496,537
Sales	-	(2,133,980)	(2,133,980)
Transfer out of level 3	(16,633,542)	-	(16,633,542)
Ending balance	116,891,649	4,000,000	120,891,649

  

	<b>December 31, 2020</b>		
	<b>Private equity investments</b>	<b>Private debt investments</b>	<b>Total</b>
	\$	\$	\$
Beginning balance	66,168,556	6,688,770	72,857,326
Change in unrealized gain	12,331,570	-	12,331,570
Purchases	37,326,268	2,853,000	40,179,268
Sales	-	(4,407,790)	(4,407,790)
Ending balance	115,826,394	5,133,980	120,960,374

#### **Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy**

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2021 and December 31, 2020 are shown below:

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2021 and March 31, 2020

## 2. Fair value measurement (continued)

Level 3 valuation methods – March 31, 2021

Description	Input	Sensitivity used <sup>(1)</sup>	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	227,200
	Recent transaction price	10%	6,893,122
	Net asset value	10%	1,789,528
	EV as a % of assets under mgt – Highview	1%	7,477,344
	Median adjusted EV as a % of assets under mgt. – Evolve	0.25%	3,123,483
	EV/LTM revenue multiple <sup>(2)</sup>	0.10%	435,765
Private debt investments	Face value	10%	400,000
<b>Total</b>			<b>20,346,442</b>

Level 3 valuation methods - December 31, 2020

Description	Input	Sensitivity used <sup>(1)</sup>	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	216,0000
	Recent transaction price	10%	6,086,238
	Net asset value	10%	3,242,820
	EV as a % of assets under mgt – Highview	1%	4,650,151
	EV as a % of assets under mgt. – Evolve <sup>(2)</sup>	0.25%	2,677,131
	EV/LTM revenue multiple <sup>(2)</sup>	0.10%	652,828
Private debt investments	Face value	10%	513,398
<b>Total</b>			<b>18,038,566</b>

(1) The sensitivity analysis refers to a percentage or multiple added or deducted from the input and the effect this has on the fair value while all other variables were held constant.

(2) The sensitivity has been performed on the total equity price given the valuation approach takes into account that the preferred shares have liquidation preference to the common shares. Based on the sensitivity performed, there is sufficient equity value to support Urbana's holdings in the respective preferred share classes.

During 2021, the investment in Caldwell Canadian Value Momentum Fund was transferred out of Level 3 to Level 2 to more appropriately reflect its status as a public mutual fund that is redeemable daily and whose entire portfolio of securities trades on stock exchanges. During 2020, there were no transfers into/out of Level 1, Level 2 or Level 3 investments.

## 3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks. Management seeks to minimize potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio advisors, and through daily monitoring of the Company's position and market events.



# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 3. Financial instruments and risk management (continued)

#### *Credit risk*

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at March 31, 2021, the Company held \$4.0 million (December 31, 2020 – \$5.1 million) in debt instruments. The fair value of the debt instruments includes a consideration of the credit worthiness of the debt issuer and the security provided against the outstanding amount. The carrying amounts of debt instruments and other assets, as disclosed in the statements of financial position, represent the maximum credit exposure. The Company measures credit risk and lifetime ECLs related to accounts and other receivables using historical analysis and forward looking information in determining the ECLs.

#### *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to settle or meet its obligation when due. The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

<b>March 31, 2021</b>				
<b>Financial Liabilities</b>	<b>Due on demand</b>	<b>&lt; 3 months</b>	<b>3 months to 1 year</b>	<b>Total</b>
	\$	\$	\$	\$
Loan payable	16,500,000	-	-	16,500,000
Accounts payable and accrued liabilities	-	1,820,014	-	1,820,014
	<b>16,500,000</b>	<b>1,820,014</b>	<b>-</b>	<b>18,320,014</b>

<b>December 31, 2020</b>				
<b>Financial Liabilities</b>	<b>Due on demand</b>	<b>&lt; 3 months</b>	<b>3 months to 1 year</b>	<b>Total</b>
	\$	\$	\$	\$
Loan payable	22,800,000	-	-	22,800,000
Accounts payable and accrued liabilities	-	1,724,354	-	1,724,354
	<b>22,800,000</b>	<b>1,724,354</b>	<b>-</b>	<b>24,524,354</b>

Liquidity risk is managed by investing in assets that are traded in an active market and can be readily sold or by borrowing under its credit facility (Note 6). The Common Shares and Class A Shares cannot be redeemed by shareholders. The Company endeavors to maintain sufficient liquidity to meet its expenses.

#### *Currency risk*

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rise. When the value of the Canadian dollar rises, the value of foreign investments fall.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 3. Financial instruments and risk management (continued)

The table below indicates the currencies to which the Company had significant exposure as at March 31, 2021 and December 31, 2020:

Currency	March 31, 2021	December 31, 2020
	As a % of net assets %	As a % of net assets %
United States Dollar	43.15	41.28
Indian Rupee	1.63	5.18
	<b>44.78</b>	<b>46.46</b>

As at March 31, 2021, the Company's net assets would have decreased or increased by approximately \$5,919,151 (December 31, 2020 - \$5,716,706) in response to a 5% appreciation or depreciation of the Canadian dollar, with all other variables held constant. In practice, the actual results may differ materially.

#### Interest rate risk

Interest rate risk arises on interest-bearing financial assets such as cash and debt securities held and on financial liabilities such as loan payable. The Company is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Company's interest income and expense are positively correlated to interest rates in that rising interest rates increase both the interest income and expense while the reverse is true in a declining interest rate environment.

The table below summarizes the Company's exposure to interest rate risks by remaining term to maturity.

As at March 31, 2021	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 1,838,963	\$ -	\$ -	\$ -	\$ 1,838,963
Financial asset – debt securities	-	4,000,000	-	-	4,000,000
Loan payable	(16,500,000)	-	-	-	(16,500,000)
	<b>(14,661,037)</b>	<b>4,000,000</b>	<b>-</b>	<b>-</b>	<b>(10,661,037)</b>

As at December 31, 2020	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 732,456	\$ -	\$ -	\$ -	\$ 732,456
Financial asset – debt securities	-	3,000,000	2,133,980	-	5,133,980
Loan payable	(22,800,000)	-	-	-	(22,800,000)
	<b>(22,067,544)</b>	<b>3,000,000</b>	<b>2,133,980</b>	<b>-</b>	<b>(16,933,564)</b>

As at March 31, 2021, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the net assets would have decreased or increased by approximately \$40,301 (2020 - \$36,935). In practice, the actual results may differ materially.

#### Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. Any equity and derivative instrument that the Company may hold is susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 3. Financial instruments and risk management (continued)

The most significant exposure for the Company to other price risk arises from its investment in publicly and privately traded securities. As at March 31, 2021, for publicly traded securities, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$17,696,239 (December 31, 2020 - \$ 16,625,463) or approximately 6.69% (December 31, 2019 – 6.67%) of total net assets. In practice, the actual results may differ materially. Management is unable to meaningfully quantify any correlation of the price of its privately owned equities to changes in a benchmark index.

#### *Capital management*

Management manages the capital of the Company which consists of the net assets, in accordance with the Company's investment objectives. The Company is not subject to any capital requirements imposed by a regulator. The Company must comply with the covenants on the loan payable (Note 6).

### 4. Accounts and other receivables

Accounts and other receivables consist of the following:

	March 31, 2021	December 31, 2020
	\$	\$
Dividends	73,460	76,220
Interest	65,699	161,497
Loans	149,463	149,463
	<b>288,622</b>	<b>387,180</b>

### 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2021	December 31, 2020
	\$	\$
Investment management fees (Note 9)	1,535,075	1,453,500
Professional fees	186,383	149,253
Loan interest	67,056	72,241
Administrative fees	-	40,260
Directors' fees	31,500	-
Other	-	9,100
	<b>1,820,014</b>	<b>1,724,354</b>

### 6. Loan payable

On February 15, 2008, the Company entered into a demand loan facility with a major Canadian bank (the "Bank"). On March 2, 2015 the loan facility agreement was amended to allow the Company to borrow up to \$25,000,000 from the Bank at any given time. Interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 1.25%, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on the Company's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at March 31, 2021, the outstanding balance of the loan was \$16,500,000 (December 31, 2020 - \$22,800,000) which is the fair value of the loan. During the three month period ended March 31, 2021, the minimum amount borrowed was \$16,500,000 (2020 - \$18,100,000) and the maximum amount borrowed was \$24,500,000 (2020 - \$24,200,000). As at March 31, 2021 and December 31, 2020, the Company has complied with all covenants, conditions and other requirements of the loan facility.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 7. Mining claims

Urbana has owned mineral claims in Urban Township, Quebec for a number of years. Management monitors the exploration activity in the area on an ongoing basis and may carry out exploration work on its mineral claims if and when it is deemed suitable. Urbana holds 44 claims in the area totaling 1,154.4 hectares (2,852.7 acres). A report which summarizes both the exploration work and results to date has been completed and will assist in determining next steps. In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources. Urbana has incurred costs totaling \$1,146,119, all of which was incurred prior to 2019. These costs have been expensed as incurred and recorded as a loss in net realized gain on sale and disposal of investments.

### 8. Share capital

As at March 31, 2021 and December 31, 2020 share capital consists of the following:

	Three month period ended March 31, 2021		Year ended December 31, 2020	
	Number	Amount (\$)	Number	Amount (\$)
<i>Authorized</i>				
Preferred shares	Unlimited	N/A	Unlimited	N/A
Common Shares	Unlimited	N/A	Unlimited	N/A
Class A Shares	Unlimited	N/A	Unlimited	N/A
<i>Issued - Common Shares</i>				
Balance, beginning of period	10,000,000	7,998,893	10,000,000	7,998,893
Issued during the period	-	-	-	-
Balance, end of period	10,000,000	7,998,893	10,000,000	7,998,893
<i>Issued - Class A Shares</i>				
Balance, beginning of period	34,211,727	98,903,914	39,563,600	114,375,837
Normal Course Issuer Bid				
Repurchases during the period	(22,100)	(63,890)	(5,351,873)	(15,471,923)
Balance, end of period	34,189,627	98,840,024	34,211,727	98,903,914
Total	44,189,627	106,838,917	44,211,727	106,902,807

The Common Shares and Class A Shares have been classified as equity in these financial statements as the holders of these shares have no contractual rights that would require the Company to redeem the shares.

On August 31, 2020, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,754,840 of its own Class A Shares (the "NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the NCIB were permitted starting on September 4, 2020, and will terminate on the earlier of September 3, 2021, the date Urbana completes its purchases pursuant to the notice of intention to conduct a normal course issuer bid filed with the TSX, or the date of notice by Urbana of termination of the bid. Purchases are to be made on the open market by Urbana through the facilities of the TSX or the CSE in accordance with the rules and policies of the TSX. The price that Urbana may pay for any such shares is to be the market price of such shares on the TSX or the CSE at the time of acquisition. The Class A Shares purchased under the NCIB must be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 6,081 Class A Shares ("Daily Restriction"), being 25% of the average daily volume for the most recently completed six months prior to the filing of the NCIB with the TSX, which is 24,325 Class A Shares, calculated in accordance with the TSX rules. Notwithstanding the Daily Restriction, Urbana may make one purchase of more than the Daily Restriction in any given week in accordance with the TSX's block purchase rules. As at March 31, 2021, Urbana has purchased and cancelled 3,648,600 Class A Shares at an average price of \$2.58 per share pursuant to the NCIB and purchased and cancelled 2,116,373 Class A Shares at an average price of \$2.44 per share pursuant to the previous normal course issuer bid that terminated on September 3, 2020.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

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### 9. Related party disclosures

Caldwell Financial Ltd. ("CFL"), a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. ("CIM"), the investment manager of Urbana, and of Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana. As at March 31, 2021 and December 31, 2020, Urbana had a 20% ownership interest in CFL.

CSL, a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. In 2021, the total commission fees paid to CSL by Urbana amounted to \$663 (2020 - \$9,568) which was incurred in connection with the NCIB and was included in transaction costs.

Pursuant to an administrative services agreement, during the three month period ended March 31, 2021, Urbana paid CSL \$86,106 (2020 - \$86,106) for administrative services, including investor relations, information technology, professional corporate office, and office and conference room access for Urbana's staff, directors and officers. This expense was included in administrative expenses. On April 1, 2021 the administrative services agreement was amended to increase the fee by \$2,260 per month due to the increase in investor relations services performed by CSL on behalf of Urbana.

In March 2021 Urbana paid a fee of \$13,482 to CSL for their services in respect of arranging for the transfer of private equity securities to Urbana by way of a "share transfer platform" that CSL manages.

As at March 31, 2021 and December 31, 2020 Urbana owned 50% of the voting class A common shares and 68.49% of the voting class B common shares of Radar Capital Inc. ("RCI"), a private capital company. As a result, Urbana owns a total of 65.51% of the voting common shares of RCI with each class A and class B common share entitled to one vote. As at December 31, 2020, Urbana held a \$2,133,980 unsecured promissory note which was repaid in full by RCI, plus accrued interest, in February 2021.

As at March 31, 2021 Urbana had a 12.06% ownership interest (December 31, 2020 – 13.71%) in Caldwell Growth Opportunities Fund, which is a private equity pool managed by CIM, on which Urbana does not pay a management fee as described in the management fee paragraph below.

As at March 31, 2021 Urbana had a 12.49% ownership interest (December 31, 2020 – 15.02%) in Caldwell Canadian Value Momentum Fund, which is a mutual fund managed by CIM, on which Urbana pays a 0.5% per annum management fee, instead of the regular 2% per annum pursuant to the investment management and advisory agreement between Urbana and CIM (see paragraph below).

Pursuant to an investment management and advisory agreement effective as of January 1, 2020, CIM is entitled to an investment management fee equal to 2.0% per annum of the market value of Urbana's investment portfolio, and, with the exception of NCIB purchases, CIM will pay a fee to CSL to cover all charges for brokerage, trade execution and other necessary investment-related services rendered directly or indirectly for the benefit of Urbana by CSL. In the three month period ended March 31, 2021, CIM earned \$1,550,872 of investment management fees from Urbana (2020 - \$1,531,207). The investment management fees are accrued daily and were paid quarterly in arrears until April 1, 2021, when the investment management and advisory agreement was amended to change the frequency with which the management fee is paid from quarterly to monthly. As at March 31, 2021 there was an investment management fee payable included in accounts payable and accrued liabilities of \$1,535,075 to CIM (December 31, 2020 – \$1,453,500).

As at March 31, 2021 Urbana owned 49.25% (December 31, 2020 – 49.26%) of the common shares of CNSX Markets Inc., the operator of the CSE.

In February 2021 and September 2020 Urbana purchased \$5,923,400 and \$216,000, respectively, of common shares of Highview Financial Holdings Inc. ("HFHI") from RCI at a price per share based on the prescribed formula in the HFHI shareholders' agreement. As a result, as at March 31, 2021 Urbana had a 73.43% direct ownership interest (December 31, 2020 – 48.63%) in HFHI and RCI had a Nil (December 31, 2020 – 24.78%) ownership interest in HFHI. This shareholding allows Urbana to exercise control over the majority of HFHI's common shares. Pursuant to the HFHI amended and restated shareholders' agreement

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2021 and March 31, 2020

### 9. Related party disclosures (continued)

dated and effective as of December 30, 2020, Urbana has agreed that it shall not be entitled to elect a majority of the board of directors of HFHI and therefore it is not considered a subsidiary of Urbana. In February 2020 Urbana loaned an additional \$500,000 to HFHI and as a result, as at March 31, 2021 and December 31, 2020 Urbana held a \$3,000,000 promissory note from HFHI.

In the three month period ended March 31, 2021, the remuneration of key management personnel (including directors), which included salaries and short-term benefits, was \$102,743 (2019 - \$89,120).

During 2020, Urbana issued loans to certain of its directors in connection with their purchase of securities of the Company. The loan agreements provide for a revolving credit facility of up to \$100,000 for each such director. Interest is charged at the interest rate specified by the Canada Revenue Agency for loans of this nature. The securities of the Company purchased by each director with funds advanced under the revolving credit facility are held in a broker's account as security for the loan. As at March 31, 2021 and December 31, 2020 the total principal amount of the loans outstanding, which is included in accounts and other receivables, is \$149,463.

All related party transactions are recorded at their exchange amounts.

### 10. Income taxes

The Company's provision for income taxes for the three month periods ended March 31, 2021 and 2020 is summarized as follows:

	2021	2020
	\$	\$
Net income (loss) before income taxes	22,049,759	(52,728,118)
Expected taxes payable (recoverable) at future rates - 26.5%	5,843,186	(13,972,951)
Income tax effect of the following:		
Non-taxable portion of realized capital (gains) losses	369,923	(1,041,602)
Non-taxable portion of unrealized capital (gains) losses	(3,478,483)	7,865,338
Non-taxable dividends	(55,316)	(101,866)
Foreign withholding tax expense, net of Canadian tax	50,134	91,369
Other	104,765	8,024
<b>Income tax expense (recovery)</b>	<b>2,834,209</b>	<b>(7,151,688)</b>

The income tax expense is represented as follows:

	2021	2020
	\$	\$
Provision for (recovery of) deferred income taxes	2,766,000	(7,276,000)
Foreign withholding tax expense	68,209	124,312
<b>Income tax expense (recovery)</b>	<b>2,834,209</b>	<b>(7,151,688)</b>

# Urbana Corporation

## Notes to the condensed interim financial statements for the three month periods ended March 31, 2021 and March 31, 2020

### 10. Income taxes (continued)

The components of the Company's deferred income tax liability are as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Resource deductions available in perpetuity	(61,969)	(61,969)
Unrealized capital gains on investments	18,392,579	14,879,103
Non-capital loss carryforwards	(923,697)	(175,750)
Other	87	(384)
<b>Total deferred income tax liability</b>	<b>17,407,000</b>	<b>14,641,000</b>

As at March 31, 2021, the Company had non-capital losses of \$3,485,647 (December 31, 2020 - \$663,209) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	Amount
	\$
December 31, 2039	663,209
December 31, 2041	2,822,438
	<b>3,485,647</b>

### 11. Dividends

On January 29, 2021 the Company paid a regular cash dividend of \$0.09 per share on the issued and outstanding Common and Class A Shares as at January 15, 2021 amounting to \$3,979,075. On January 31, 2020 the Company paid a regular cash dividend of \$0.08 per share on the issued and outstanding Common and Class A Shares as at January 17, 2020 amounting to \$3,958,579.

### 12. COVID-19

In March 2020, there was a global outbreak of COVID-19, which has had a significant impact on businesses. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of travel restrictions, business closures, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the U.S. and other countries to fight the virus. The three month period ended March 31, 2021 and the year ended December 31, 2020 were characterized by increased uncertainty due to COVID-19. The Company is closely monitoring the current environment and assessing the impacts, if any, on its significant assumptions related to critical estimates.

### 13. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on May 12, 2021.