

Condensed Interim Financial Statements of

Urbana Corporation

September 30, 2022 and September 30, 2021

(Unaudited)

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

Urbana Corporation

Unaudited Condensed Interim Financial Statements
September 30, 2022 and September 30, 2021

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Urbana Corporation

Condensed interim statements of financial position
as at September 30, 2022 and December 31, 2021

(Unaudited)

(In Canadian dollars)

	September 30, 2022	December 31, 2021
	\$	\$
Assets		
Cash	175,944	387,090
Investments, at fair value (Notes 2 and 3)	349,411,541	347,179,284
Accounts and other receivables (Notes 4 and 9)	754,410	532,993
	350,341,895	348,099,367
Liabilities		
Loan payable (Note 6)	32,700,000	23,700,000
Accounts payable and accrued liabilities (Note 5)	988,422	928,689
Deferred income tax liability (Note 10)	22,348,000	22,331,000
	56,036,422	46,959,689
Shareholders' equity		
Share capital (Note 8)	99,443,536	103,399,782
Contributed surplus	66,901,288	68,164,415
Retained earnings	127,960,649	129,575,481
Shareholders' equity representing net assets	294,305,473	301,139,678
Total liabilities and shareholders' equity	350,341,895	348,099,367
Number of shares outstanding (Note 8)	41,631,500	43,000,000

See accompanying notes

Approved by the Board



Director



Director

Urbana Corporation

Condensed interim statements of comprehensive income

for the three and nine month periods ended September 30, 2022 and September 30, 2021

(Unaudited)

(In Canadian dollars)

	Three month period ended September 30		Nine month period ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue				
Net realized gain on sale and disposal of investments	7,914	7,761,289	8,409,373	11,101,772
Net change in unrealized gain (loss) on investments	2,747,296	5,483,826	(817,537)	56,060,491
Dividends	1,190,559	812,225	3,075,955	2,119,046
Interest	110,276	96,439	388,535	244,383
	4,056,045	14,153,779	11,056,326	69,525,692
Expenses				
Investment management fees (Note 9)	1,923,390	1,815,985	5,786,449	5,038,106
Interest	363,608	171,993	766,476	545,604
Administrative (Note 9)	378,669	350,070	1,102,475	992,548
Transaction costs (Note 9)	8,048	18,586	44,676	22,249
Professional fees	90,557	83,105	230,469	210,073
	2,764,272	2,439,739	7,930,545	6,808,580
Net income before income taxes	1,291,773	11,714,040	3,125,781	62,717,112
Foreign withholding tax expense (Note 10)	91,565	85,280	267,222	221,229
Current income tax expense (Note 10)	-	-	156,370	-
Provision for (recovery of) deferred income taxes (Note 10)	(176,000)	1,257,000	17,000	7,596,000
Income tax expense (recovery)	(84,435)	1,342,280	440,592	7,817,229
Total profit and comprehensive income for the period	1,376,208	10,371,760	2,685,189	54,899,883
Basic and diluted earnings per share	0.03	0.24	0.06	1.25
Weighted average number of shares outstanding	41,734,600	43,953,657	42,221,300	44,095,719

See accompanying notes

Urbana Corporation

Condensed interim statements of changes in equity
for the nine month periods ended September 30, 2022 and September 30, 2021
(Unaudited)
(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2021	106,902,807	68,706,177	73,560,302	249,169,286
Total profit and comprehensive income for the period	-	-	54,899,883	54,899,883
Dividends paid	-	-	(3,979,075)	(3,979,075)
Normal course issuer bid purchases	(2,057,557)	(278,611)	-	(2,336,168)
Balance at September 30, 2021	104,845,250	68,427,566	124,481,110	297,753,926
Balance at January 1, 2022	103,399,782	68,164,415	129,575,481	301,139,678
Total profit and comprehensive income for the period	-	-	2,685,189	2,685,189
Dividends paid	-	-	(4,300,021)	(4,300,021)
Normal course issuer bid purchases	(3,956,246)	(1,263,127)	-	(5,219,373)
Balance at September 30, 2022	99,443,536	66,901,288	127,960,649	294,305,473

See accompanying notes

Urbana Corporation

Condensed interim statements of cash flows
for the nine month periods ended September 30, 2022 and September 30, 2021
(Unaudited)

(In Canadian dollars)

	2022	2021
	\$	\$
Operating activities		
Total profit and comprehensive income for the period	2,685,189	54,899,883
Items not affecting cash		
Net realized (gain) loss on sale and disposal of investments	(8,409,373)	(11,101,772)
Net change in unrealized (gain) loss on investments	817,537	(56,060,491)
Provision for deferred income taxes	17,000	7,596,000
Purchases of investments	(17,738,644)	(67,957,639)
Proceeds on sale of investments	23,098,223	78,573,311
	469,932	5,949,292
Net change in non-cash working capital items		
Accounts and other receivables	(221,417)	(393,919)
Accounts payable and accrued liabilities	59,733	(861,909)
	(161,684)	(1,255,828)
Cash provided by operating activities	308,248	4,693,464
Financing activities		
Issuance of loan payable	29,800,000	36,300,000
Repayment of loan payable	(20,800,000)	(34,900,000)
Dividends paid	(4,300,021)	(3,979,075)
Normal course issuer bid repurchases	(5,219,373)	(2,336,168)
Cash used in financing activities	(519,394)	(4,915,243)
Net change in cash during the period	(211,146)	(221,779)
Cash, beginning of period	387,090	732,456
Cash, end of period	175,944	510,677
Supplemental disclosure		
Dividends received	2,704,501	1,897,872
Interest received	362,896	309,201
Interest paid	677,102	560,575

See accompanying notes

Urbana Corporation

Condensed interim schedule of investment portfolio as at September 30, 2022

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	\$	\$
13,460,878	CNSX Markets Inc. (Note 9)	8,048,349	79,149,963
1,327,620	Miami International Holdings Inc.	12,257,268	14,757,910
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,984,000
2,350,000	Radar Capital Inc. Class A Common (Note 9)	50	-
16,755,081	Radar Capital Inc. Class B Common (Note 9)	11,561,006	4,703,151
1,544,236	Evolve Funds Group Inc. ("Evolve") Class B Preferred	1,772,788	4,648,150
3,000,000	Evolve Funds Group Inc. Class C Preferred	2,130,658	9,030,000
771,638	Evolve Funds Group Inc. Class D Preferred	771,638	771,638
1,195,246	EFG Management Holdings Inc. ("EFG") Class A Common (i)	3,597,690	3,597,690
498,041	EFG Management Holdings Inc. Class E Common (i)	1,499,103	1,499,103
15,259,886	Highview Financial Holdings Inc. (Note 9)	11,546,243	20,295,648
5	Integrated Grain Processors Co-operative Inc. Membership Shs	500	500
1,883,549	Integrated Grain Processors Co-operative Inc. Class E Preferred	5,014,275	8,005,083
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	7,429,028
84,012	Caldwell Growth Opportunities Fund ("CGOF") (ii) (Note 9)	703,437	617,868
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
2,492,279	Vive Crop Protection Inc. Class C1 Preferred	1,629,452	1,629,452
3,250,000	Vive Crop Protection Inc. ("Vive") Warrants (iii)	-	-
27,428	Kognitiv Corporation Preferred	353,000	257,405
122,222	Kognitiv Corporation	2,404,596	188,092
380,000	Lyceum CME Inc.	1,900,000	1,900,000
6,047,895	FundThrough Inc. Preferred	6,250,000	9,737,111
208,290	Varo Money, Inc.	2,565,000	2,651,909
1,750,000	Tetra Trust Company Class A Common	1,750,000	1,400,000
5,622	Urbana International Inc. ("UII") (iv) (Note 9)	10,479,725	10,349,994
		96,671,125	189,213,394
	Public equity investments		
715,599	Caldwell Canadian Value Momentum Fund (Note 9)	13,703,577	14,271,196
110,000	Cboe Global Markets, Inc.	3,637,004	17,739,947
100,000	Intercontinental Exchange Group Inc.	4,153,846	12,414,542
150,000	Citigroup Inc.	7,632,146	8,588,500
350,000	Bank of America Corp.	4,882,387	14,523,709
250,000	Morgan Stanley	6,933,526	27,140,923
1,600,000	Real Matters Inc.	6,352,346	7,600,000
4,000,000	Tamarack Valley Energy Ltd.	10,719,252	15,160,000
200,000	KKR & Co. Inc. Class A	7,516,623	11,816,830
30,000	Stelco Holdings Inc.	1,166,907	1,032,300
55,000	TC Energy Corp.	3,492,500	3,060,200
2,500,000	Whitecap Resources Inc.	8,776,111	21,850,000
		78,966,225	155,198,147
	Private debt investments		
3,000,000	Highview Financial Holdings Inc. (v) (Note 9)	3,000,000	3,000,000
1,000	Integrated Grain Processors Co-operative Inc. (vi)	1,000,000	1,000,000
1,000,000	Kognitiv Corporation (vii)	1,000,000	1,000,000
		5,000,000	5,000,000
		180,637,350	349,411,541

(i) EFG is a holding company formed for the sole purpose of holding shares of Evolve. EFG owns a controlling interest in Evolve and is controlled by the management of Evolve.

(ii) Urbana owns 11.50% of CGOF, which owns 5.50% of the Class B common shares of Radar Capital Inc.

(iii) Each Vive warrant is exercisable at \$0.75 until December 31, 2022.

(iv) UII, a wholly-owned subsidiary of Urbana, formed for the sole purpose of investing in Blue Ocean Technologies, LLC ("Blue Ocean"), holds 5,621.5 units of Blue Ocean.

Urbana Corporation

Condensed interim schedule of investment portfolio as at September 30, 2022

(In Canadian dollars)

(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.

(vii) Secured subordinated convertible note maturing on July 31, 2023 with interest at 12% per annum payable monthly. In lieu of a monthly cash interest payment, Kognitiv makes a payment-in-kind by capitalizing the interest payable on each monthly interest payment date.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. No mining expenditures were incurred in 2022 or 2021.

Urbana Corporation

Notes to the condensed interim financial statements for the nine month periods ended September 30, 2022 and September 30, 2021

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.

Urbana’s strategy is to seek out, and invest in, private investment opportunities for capital appreciation and 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 settlement 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 nine month periods ended September 30, 2022 and September 30, 2021

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.

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 nine month periods ended September 30, 2022 and September 30, 2021

1. Summary of significant accounting policies (continued)

Comprehensive Income. 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. 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 deferred tax asset will be recognized to the extent that it is probable that it 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 nine month periods ended September 30, 2022 and September 30, 2021

1. Summary of significant accounting policies (continued)

Interests in Other Entities

The table below presents the unconsolidated subsidiaries of the Company as at September 30, 2022 and December 31, 2021:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Urbana International Inc. ⁽¹⁾	United States	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%

⁽¹⁾ UII, a wholly-owned subsidiary of Urbana, holds units of Blue Ocean Technologies, LLC.

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.

Transfers between the levels of the fair value hierarchy are deemed to occur on the date of the event or change in circumstances that caused the transfer.

The following is a summary of the Company's investments categorized in the fair value hierarchy as at September 30, 2022:

Investments	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	140,926,951	14,271,196	-	155,198,147
Private equity investments	-	-	189,213,394	189,213,394
Private debt investments	-	-	5,000,000	5,000,000
Total investments at FVTPL	140,926,951	14,271,196	194,213,394	349,411,541

Level 2 and 3 valuation methods – September 30, 2022

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell Canadian Value Momentum Fund	14,271,196	Net asset value per unit	Net asset value per unit	N/A

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

2. Fair value measurement (continued)

Private equity investments				
Caldwell Financial Ltd.	2,984,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	14,757,910	Average EV/revenue multiple	Average EV/revenue multiple	LTM:4.0-19.1 ⁽³⁾ NTM:8.4-17.7 ⁽⁴⁾
CNSX Markets Inc.	79,149,963	Average EV/EBITDA multiple	Average EV/EBITDA multiple	LTM:10.6-40.4 ⁽⁵⁾ NTM:12.5-27.3 ⁽⁶⁾
Caldwell Growth Opportunities Fund	617,868	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	20,295,648	EV as a % of AUM ⁽⁷⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	7,429,028	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	4,703,151	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class B	4,648,150	Market transaction	Recent transaction price	N/A
Evolve Funds Group Inc. Class C	9,030,000	Market transaction	Recent transaction price	N/A
Evolve Funds Group Inc. Class D	771,638	Market transaction	Recent transaction price	N/A
EFG Management Holdings Inc. Class A	3,597,690	Market transaction	Recent transaction price	N/A
EFG Management Holdings Inc. Class E	1,499,103	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Membership Shares	500	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Class E	8,005,083	Market transaction	Recent transaction price	N/A
Lyceum CME Inc.	1,900,000	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.4 ⁽⁸⁾
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.4 ⁽⁸⁾
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.4 ⁽⁸⁾
Vive Crop Protection Inc. Class C1	1,629,452	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.4 ⁽⁸⁾
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.4 ⁽⁸⁾
Kognitiv Corporation Preferred	257,405	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	188,092	Average EV/revenue multiple	Average EV/revenue multiple	LTM:1.8-6.0 ⁽⁹⁾ NTM:1.5-5.3 ⁽⁹⁾

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

2. Fair value measurement (continued)

FundThrough Inc. Preferred	9,737,111	Average EV/LTM revenue/net interest income (NII) multiple	Average EV/LTM revenue/net interest income (NII) multiple	Rev:2.7-5.4 ⁽¹⁰⁾ NII:2.4-14.8 ⁽¹⁰⁾
Varo Money, Inc.	2,651,909	Market transaction	Recent transaction price	N/A
Tetra Trust Company Class A	1,400,000	Discounted cash flow	Discount rate	16.98%
Urbana International Inc.	10,349,994	Discounted cash flow	Discount rate	15.05%
Private debt investments				
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
Kognitiv Corporation	1,000,000	Face value	N/A	N/A
Ending balance	208,484,590			

⁽¹⁾ See Note 1 – Valuation of investments

⁽²⁾ Where it is applicable, an input or range has been provided

⁽³⁾ Last twelve months enterprise value/revenue: 11.6x.

⁽⁴⁾ Next twelve months enterprise value/revenue: 11.8x.

⁽⁵⁾ Last twelve months enterprise value/earnings before income tax, depreciation and amortization: 19.2x.

⁽⁶⁾ Next twelve months enterprise value/earnings before income tax, depreciation and amortization: 17.6x.

⁽⁷⁾ Enterprise value as a percentage of assets under management

⁽⁸⁾ Last twelve months enterprise value/revenue: 3.5x

⁽⁹⁾ Last twelve months enterprise value/revenue: 4.1x. Next twelve months enterprise value/revenue: 3.7x.

⁽¹⁰⁾ Last twelve months enterprise value/revenue: 4.2x. Last twelve months enterprise value/NII: 7.2x.

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

Investments	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	174,308,829	20,234,763	-	194,543,592
Private equity investments	-	-	147,135,692	147,135,692
Private debt investments	-	-	5,500,000	5,500,000
Total investments at FVTPL	174,308,829	20,234,763	152,635,692	347,179,284

Level 2 and 3 valuation methods – December 31, 2021

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell Canadian Value Momentum Fund	20,234,763	Net asset value per unit	Net asset value per unit	N/A

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Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

2. Fair value measurement (continued)

Private equity investments				
Caldwell Financial Ltd.	2,648,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	13,415,866	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	55,189,600	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Fund	770,250	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	19,532,654	EV as a % of AUM ⁽³⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	8,344,803	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	5,398,487	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class B	3,381,877	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8-5.4 ⁽⁴⁾
Evolve Funds Group Inc. Class C	6,570,000	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8-5.4 ⁽⁴⁾
Evolve Funds Group Inc. Class D	719,342	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Membership Shares	500	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Class E	4,486,212	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 ⁽⁵⁾
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 ⁽⁵⁾
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 ⁽⁵⁾
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 ⁽⁵⁾
Kognitiv Corporation Preferred	315,622	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	301,822	Average EV/revenue multiple	Average EV/revenue multiple	LTM:3.1-7.1 ⁽⁶⁾ NTM:2.2-6.2 ⁽⁶⁾
FundThrough Inc. Preferred	7,620,348	Average EV/LTM revenue/net interest income (NII) multiple	Average EV/LTM revenue/net interest income (NII) multiple	Rev:4.4-10.2 ⁽⁷⁾ NII:3.6-14.9 ⁽⁷⁾
Varo Money, Inc.	2,437,872	Market transaction	Recent transaction price	N/A
Tetra Trust Company Class A	1,750,000	Market transaction	Recent transaction price	N/A
Urbana International Inc.	10,642,738	Market transaction	Recent transaction price	N/A

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

2. Fair value measurement (continued)

Private debt investments				
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
Vive Crop Protection Inc.	1,500,000	Face value	N/A	N/A
Ending balance	172,870,455			

⁽¹⁾ See Note 1 – Valuation of investments

⁽²⁾ Where it is applicable, an input or range has been provided

⁽³⁾ Enterprise value as a percentage of assets under management

⁽⁴⁾ Enterprise value as a percentage of adjusted assets under management: 2.55%

⁽⁵⁾ Last twelve months enterprise value/revenue: 4.1x

⁽⁶⁾ Last twelve months enterprise value/revenue: 4.9x. Next twelve months enterprise value/revenue: 3.8x.

⁽⁷⁾ Last twelve months enterprise value/revenue: 6.8x. Last twelve months enterprise value/NI: 8.0x.

Change in valuation methodology

During 2022, the Company changed the primary valuation technique for CNSX Markets Inc. from a methodology based on a recent market transaction to a methodology based on an EV/EBITDA multiple. This change was made because earnings of CNSX increased substantially and management determined that this new valuation methodology was more suitable in determining fair value. In addition, during 2022, the Company changed the primary valuation technique for Miami International Holdings Inc. from a methodology based on a recent market transaction to a methodology based on an EV/revenue multiple as there was no recent market transaction. In the absence of a recent transaction, the EV/revenue multiple methodology was more suitable in determining fair value. Also during 2022, the Company changed the primary valuation technique for Urbana International Inc. and for Tetra Trust Company from a methodology based on a recent market transaction to a methodology based on discounted cash flows as there was no recent market transaction. In the absence of a recent transaction, the discounted cash flow methodology was more suitable in determining fair value. Lastly during 2022, the Company changed the primary valuation technique for Evolve Funds Group Inc. from a methodology based on EV as a % of AUM to a methodology based on a recent market transaction since a recent market transaction was more suitable in determining fair value.

During 2021, the Company changed the primary valuation technique for the common shares of Kognitiv Corporation from a methodology based on a recent market transaction to a methodology based on an EV/revenue multiple as there was no recent market transaction. In the absence of a recent transaction, the EV/revenue multiple methodology was more suitable in determining fair value. Also during 2021, the Company changed the primary valuation technique for FundThrough Inc. from a methodology based on a recent market transaction to a methodology based on an EV/revenue/net interest income multiple as there was no recent market transaction. In the absence of a recent transaction, the EV/revenue/net interest income multiple methodology was more suitable in determining fair value.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

2. Fair value measurement (continued)

During the nine month period ended September 30, 2022 and the year ended December 31, 2021 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

September 30, 2022			
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	147,135,692	5,500,000	152,635,692
Change in unrealized gain	33,098,310	-	33,098,310
Purchases	8,979,392	1,000,000	9,979,392
Sales	-	(1,500,000)	(1,500,000)
Ending balance	189,213,394	5,000,000	194,213,394

December 31, 2021			
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	115,826,394	5,133,980	120,960,374
Change in unrealized gain	24,205,537	-	24,205,537
Purchases	32,901,224	2,500,000	35,401,224
Sales	(5,562,700)	(2,133,980)	(7,696,680)
Transfer out of level 3	(20,234,763)	-	(20,234,763)
Ending balance	147,135,692	5,500,000	152,635,692

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 September 30, 2022 and December 31, 2021 are shown below:

Level 3 valuation methods – September 30, 2022

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	298,400
	Recent transaction price	10%	3,236,148
	Net asset value	10%	1,275,005
	EV as a % of assets under mgt. – Highview	1%	8,698,136
	Average EV/LTM_NTM revenue multiple – Kognitiv, Miami	10%	1,534,714
	EV/LTM revenue multiple - Vive ⁽²⁾	2.4%	1,138,868
	Average EV/LTM revenue/net interest income multiple - FundThrough	10%	967,663

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

2. Fair value measurement (continued)

	Average EV/EBITDA multiple - CNSX	10%	6,865,048
	Discounted cash flow – Ull, Tetra	1%	934,792
Private debt investments	Face value	10%	500,000
Total			25,448,774

Level 3 valuation methods - December 31, 2021

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	264,800
	Recent transaction price	10%	8,895,775
	Net asset value	10%	1,451,354
	EV as a % of assets under mgt. – Highview	1%	8,545,537
	EV as a % of adjusted assets under mgt. – Evolve	0.25%	4,282,679
	Average EV/LTM_NTM revenue multiple - Kognitiv	10%	55,887
	EV/LTM revenue multiple - Vive ⁽²⁾	2.4%	933,002
	Average EV/LTM revenue/net interest income multiple - FundThrough	10%	725,747
	Private debt investments	Face value	10%
Total			25,704,781

⁽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 2022, there were no transfers into/out of Level 1, Level 2 or Level 3 investments. 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

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 nine month periods ended September 30, 2022 and September 30, 2021

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 September 30, 2022, the Company held \$5,000,000 (December 31, 2021 – \$5,500,000) 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.

September 30, 2022	Due on demand	< 3 months	3 months to 1 year	Total
Financial Liabilities				
	\$	\$	\$	\$
Loan payable	32,700,000	-	-	32,700,000
Accounts payable and accrued liabilities	-	988,422	-	988,422
	32,700,000	988,422	-	33,688,422

December 31, 2021	Due on demand	< 3 months	3 months to 1 year	Total
Financial Liabilities				
	\$	\$	\$	\$
Loan payable	23,700,000	-	-	23,700,000
Accounts payable and accrued liabilities	-	928,689	-	928,689
	23,700,000	928,689	-	24,628,689

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 falls.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

3. Financial instruments and risk management (continued)

The table below indicates the currencies to which the Company had significant exposure as at September 30, 2022 and December 31, 2021:

Currency	September 30, 2022	December 31, 2021
	As a % of net assets	As a % of net assets
	%	%
United States Dollar	41.01	48.98

As at September 30, 2022, the Company's net assets would have decreased or increased by approximately \$6,034,767 (December 31, 2021 - \$7,374,336) 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 September 30, 2022	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 175,944	\$ -	\$ -	\$ -	\$ 175,944
Financial asset – debt	5,000,000	-	-	-	5,000,000
Loan payable	(32,700,000)	-	-	-	(32,700,000)
	(27,524,056)	-	-	-	(27,524,056)

As at December 31, 2021	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 387,090	\$ -	\$ -	\$ -	\$ 387,090
Financial asset – debt	-	5,500,000	-	-	5,500,000
Loan payable	(23,700,000)	-	-	-	(23,700,000)
	(23,312,910)	5,500,000	-	-	(17,812,910)

As at September 30, 2022, 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 \$152,026 (2021 - \$119,615). 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 nine month periods ended September 30, 2022 and September 30, 2021

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 September 30, 2022, 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 \$15,519,815 (December 31, 2021 - \$ 19,454,359) or approximately 5.27% (December 31, 2021 – 6.46%) 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:

	September 30, 2022	December 31, 2021
	\$	\$
Dividends	208,475	94,725
Interest	160,927	135,288
Loans	280,973	210,573
Due from subsidiary	104,035	92,407
	754,410	532,993

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	September 30, 2022	December 31, 2021
	\$	\$
Investment management fees (Note 9)	632,092	638,274
Professional fees	177,450	161,226
Loan interest	146,680	57,306
Directors' fees	32,200	-
Administrative fees	-	46,991
Other	-	24,892
	988,422	928,689

6. Loan payable

Pursuant to a loan facility agreement between the Company and a major Canadian bank (the "Bank") dated February 15, 2008, as amended on March 2, 2015, the Bank provided a demand loan facility to the Company which allowed Urbana to borrow up to \$25,000,000. On July 2, 2021, the loan facility agreement was amended and restated to allow the Company to borrow up to \$50,000,000. Effective as of the date of the amended and restated loan facility agreement, interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 0.25%, calculated on a daily basis and paid monthly. Previously, interest was charged at the Bank's prime rate plus 1.25%. 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 September 30, 2022, the outstanding balance of the loan was \$32,700,000 (December 31, 2021 - \$23,700,000) which is the fair value of the loan. During the nine month period ended September 30, 2022, the minimum amount borrowed was \$19,400,000 (2021 - \$12,100,000) and the maximum amount borrowed was \$32,700,000 (2021 - \$30,000,000). As at September 30, 2022 and December 31, 2021, the Company has complied with all covenants, conditions and other requirements of the loan facility.

Urbana Corporation

Notes to the condensed interim financial statements

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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 were 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 September 30, 2022 and December 31, 2021 share capital consists of the following:

	Nine month period ended September 30, 2022		Year ended December 31, 2021	
	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	33,000,000	95,400,889	34,211,727	98,903,914
Normal Course Issuer Bid				
Repurchases during the period	(1,368,500)	(3,956,246)	(1,211,727)	(3,503,025)
Balance, end of period	31,631,500	91,444,643	33,000,000	95,400,889
Total	41,631,500	99,443,536	43,000,000	103,399,782

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, 2022, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,139,548 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 7, 2022, and will terminate on the earlier of September 6, 2023, the date Urbana completes its purchases pursuant to the notice of intention to conduct a normal course issuer bid filed with the TSX, and 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 4,342 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 17,369 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 September 30, 2022, Urbana has purchased and cancelled 53,600 Class A Shares at an average price of \$3.96 per share pursuant to the NCIB. Pursuant to the previous normal course issuer bid that terminated on September 6, 2022, Urbana purchased and cancelled 2,414,900 Class A Shares at an average price of \$3.60 per share.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2022 and September 30, 2021

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"), which is 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 September 30, 2022 and December 31, 2021, Urbana had a 20% ownership interest in CFL.

CSL, an affiliate of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. During the nine month period ended September 30, 2022, the total commission fees paid to CSL by Urbana amounted to \$44,676 (2021 – \$22,249) which was incurred in connection with the NCIB and was included in transaction costs.

Pursuant to an administrative services agreement effective as of March 1, 2019 and as amended on April 1, 2021, during the nine month period ended September 30, 2022 Urbana paid CSL \$278,658 (2021 - \$271,878) for administrative services, including investor relations services, information technology services, professional corporate office services, 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 September 2022 Urbana paid total fees of \$3,308 (2021 - \$16,063) 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 on behalf of Integrated Grain Processors Co-operative Inc.

As at September 30, 2022 and December 31, 2021 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 September 30, 2022 Urbana had an 11.50% ownership interest (December 31, 2021 – 11.66%) in Caldwell Growth Opportunities Fund, which is a private equity pool managed by CIM. Urbana does not pay a management fee as described in the management fee paragraph below, on this investment.

In February 2022, Urbana redeemed 189,837 units of Caldwell Canadian Value Momentum Fund ("CCVMF") for \$4,300,000. As a result, as at September 30, 2022 Urbana had a 7.32% ownership interest (December 31, 2021 – 9.08%) in CCVMF, which is a mutual fund managed by CIM. Urbana pays a 0.5% per annum management fee on this investment pursuant to an agreement dated July 30, 2020 between Urbana and CIM, instead of the 2.0% per annum management fee paid to CIM as described in the management fee paragraph below.

Pursuant to an investment management and advisory agreement dated December 6, 2019 and 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 pays 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 nine month period ended September 30, 2022, CIM earned \$5,786,449 of investment management fees from Urbana (2021 - \$5,038,106). 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 of the investment management fee payment from quarterly to monthly. As at September 30, 2022 there was an investment management fee payable included in accounts payable and accrued liabilities of \$632,092 to CIM (December 31, 2021 – \$638,274).

In August 2021, Urbana purchased an additional 200,000 common shares of CNSX Markets Inc. ("CNSX"), the operator of the CSE, for \$800,000. As a result, as at September 30, 2022 and December 31, 2021 Urbana owned 49.92% of the common shares of CNSX.

Urbana Corporation

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for the nine month periods ended September 30, 2022 and September 30, 2021

9. Related party disclosures (continued)

In February 2021 Urbana purchased \$5,923,400 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 September 30, 2022 and December 31, 2021 Urbana had a 73.42% direct ownership interest in HFHI and RCI had a Nil ownership interest in HFHI. Pursuant to the HFHI amended and restated shareholders' agreement effective as of December 30, 2020, Urbana is not entitled to elect a majority of the board of directors of HFHI and therefore it is not considered a subsidiary of Urbana. As at September 30, 2022 and December 31, 2021 Urbana held a \$3,000,000 convertible promissory note from HFHI.

In April and June of 2021, Urbana invested a total of \$10,479,725 in 5,621.5 units of Blue Ocean Technologies, LLC ("Blue Ocean") through Urbana International Inc. ("UII"), its wholly-owned subsidiary. As a result, as at September 30, 2022 and December 31, 2021 UII owned 37.31% of the units of Blue Ocean. UII was formed for the sole purpose of investing in Blue Ocean. Urbana funded UII with \$10,479,725 in exchange for 5,621.5 common shares of UII. As at September 30, 2022 Urbana had a receivable of \$104,034 (December 31, 2021 - \$92,407) from UII in respect of operating expenses incurred by UII.

In March and May 2021 respectively, Urbana redeemed its shares of Caldwell India Holdings Inc. ("CIHI") and its shares of Urbana Mauritius Inc. ("UMI"), both wholly-owned subsidiaries of Urbana, for proceeds of \$8,459,862 and \$3,931,444, respectively. Subsequently, both CIHI and UMI were wound up. CIHI and UMI had been created for the sole purpose of holding equity shares of the Bombay Stock Exchange, which shares were sold prior to Urbana's redemption of its CIHI and UMI shares.

In July 2021, Urbana transferred 500,000 shares of Meta Material Inc. valued at \$3,639,065, to Urbana Special Investment Holdings Ltd. ("USIH"), a wholly-owned subsidiary of Urbana, in exchange for 500,000 common shares of USIH. In December 2021, USIH was liquidated for proceeds of \$2,688,631 and was subsequently wound up. USIH had been used by Urbana to hold certain investments.

In the nine month period ended September 30, 2022, the remuneration of key management personnel (including directors), which included salaries and short-term benefits, was \$426,648 (2021 - \$418,526).

During 2022 and 2021, Urbana issued loans to certain of its directors and officers 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 person. 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 person with funds advanced under the revolving credit facility are held in a broker's account as security for the loan. As at September 30, 2022 the total principal amount of the loans outstanding, which is included in accounts and other receivables, is \$280,973 (December 31, 2021 - \$210,573).

All related party transactions are recorded at their exchange amounts.

Urbana Corporation

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10. Income taxes

The Company's provision for income taxes for the nine month periods ended September 30, 2022 and 2021 is summarized as follows:

	2022	2021
	\$	\$
Net income before income taxes	3,125,781	62,717,112
Expected taxes payable at future rates - 26.5%	828,332	16,620,034
Income tax effect of the following:		
Non-taxable portion of realized capital (gains) losses	(1,625,753)	(1,470,985)
Non-taxable portion of unrealized capital (gains) losses	108,324	(7,428,015)
Non-taxable dividends	(343,035)	(170,109)
Foreign withholding tax expense	267,222	162,603
Adjustment to prior year's tax balance	1,166,514	166,648
Other	38,988	(62,947)
Income tax expense	440,592	7,817,229

The income tax expense is represented as follows:

	2022	2021
	\$	\$
Provision for deferred income taxes	17,000	7,596,000
Current income tax expense	156,370	-
Foreign withholding tax expense	267,222	221,229
Income tax expense	440,592	7,817,229

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

	September 30, 2022	December 31, 2021
	\$	\$
Resource deductions available in perpetuity	(7,682)	(48,029)
Unrealized capital gains on investments	23,338,696	23,193,127
Non-capital loss carryforwards	(982,784)	(813,713)
Other	(230)	(385)
Total deferred income tax liability	22,348,000	22,331,000

As at September 30, 2022, the Company had a non-capital loss of \$3,708,618 (December 31, 2021 - \$3,070,615) available for carryforward for tax purposes. This loss expires on December 31, 2042.

11. Dividends

On January 31, 2022 the Company paid a regular cash dividend of \$0.10 per share on the issued and outstanding Common and Class A Shares as at January 17, 2022 amounting to \$4,300,021. 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.

Urbana Corporation

Notes to the condensed interim financial statements
for the nine month periods ended September 30, 2022 and September 30, 2021

12. COVID-19

In March 2020, there was a global outbreak of COVID-19, which has had a significant impact on businesses. Since then, the development of vaccines, the roll out of the vaccines and the reduction in the severity of recent strains of the virus have brought a more positive feeling that the worst is behind us. However, there is still uncertainty in terms of recovery from the pandemic. The Company continues to closely monitor the current environment and assess 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 November 9, 2022.