

Condensed Interim Financial Statements of

Urbana Corporation

September 30, 2023 and September 30, 2022

(Unaudited)

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

Urbana Corporation

Unaudited Condensed Interim Financial Statements September 30, 2023 and September 30, 2022

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Urbana Corporation

Condensed interim statements of financial position
as at September 30, 2023 and December 31, 2022

(Unaudited)

(In Canadian dollars)

	September 30, 2023	December 31, 2022
	\$	\$
Assets		
Cash	353,284	268,579
Investments, at fair value (Notes 2 and 3)	432,280,439	364,156,343
Accounts and other receivables (Notes 4 and 9)	1,092,178	2,701,128
	433,725,901	367,126,050
Liabilities		
Loan payable (Note 6)	36,600,000	32,000,000
Accounts payable and accrued liabilities (Note 5)	1,138,227	1,149,862
Deferred income tax liability (Note 10)	31,858,000	24,374,000
	69,596,227	57,523,862
Shareholders' equity		
Share capital (Note 8)	98,760,119	98,760,119
Contributed surplus	66,649,532	66,649,532
Retained earnings	198,720,023	144,192,537
Shareholders' equity representing net assets	364,129,674	309,602,188
Total liabilities and shareholders' equity	433,725,901	367,126,050
Number of shares outstanding (Note 8)	41,395,100	41,395,100

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, 2023 and September 30, 2022

(Unaudited)

(In Canadian dollars)

	Three month period ended September 30		Nine month period ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue				
Net realized gain on sale and disposal of investments	491,185	7,914	1,226,710	8,409,373
Net change in unrealized gain (loss) on investments	64,169,598	2,747,296	69,292,833	(817,537)
Dividends	2,120,086	1,190,559	5,224,600	3,075,955
Interest	129,710	110,276	342,422	388,535
	66,910,579	4,056,045	76,086,565	11,056,326
Expenses				
Investment management fees (Note 9)	2,179,392	1,923,390	6,139,631	5,786,449
Interest	762,946	363,608	1,993,737	766,476
Administrative (Note 9)	354,348	378,669	1,048,632	1,102,475
Transaction costs (Note 9)	-	8,048	-	44,676
Professional fees	68,810	90,557	203,294	230,469
	3,365,496	2,764,272	9,385,294	230,469
Net income before income taxes	63,545,083	1,291,773	66,701,271	3,125,781
Foreign withholding tax expense (Note 10)	99,996	91,565	292,800	267,222
Current income tax expense (recovery) (Note 10)	(130)	-	(156,500)	156,370
Provision for (recovery of) deferred income taxes (Note 10)	7,871,000	(176,000)	7,484,000	17,000
Income tax expense (recovery)	7,970,866	(84,435)	7,620,300	440,592
Total profit and comprehensive income for the period	55,574,217	1,376,208	59,080,971	2,685,189
Basic and diluted earnings per share	1.34	0.03	1.43	0.06
Weighted average number of shares outstanding	41,395,100	41,734,600	41,395,100	42,221,300

See accompanying notes

Urbana Corporation

Condensed interim statements of changes in equity
for the nine month periods ended September 30, 2023 and September 30, 2022

(Unaudited)

(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
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 repurchases	(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
Balance at January 1, 2023	98,760,119	66,649,532	144,192,537	309,602,188
Total profit and comprehensive income for the period	-	-	59,080,971	58,080,971
Dividends paid	-	-	(4,553,485)	(4,553,485)
Balance at September 30, 2023	98,760,119	66,649,532	198,720,023	364,129,674

See accompanying notes

Urbana Corporation

Condensed interim statements of cash flows
for the nine month periods ended September 30, 2023 and September 30, 2022
(Unaudited)

(In Canadian dollars)

	2023	2022
	\$	\$
Operating activities		
Total profit and comprehensive income for the period	59,080,971	2,685,189
Items not affecting cash		
Net realized gain on sale and disposal of investments	(1,226,710)	(8,409,373)
Net change in unrealized (gain) loss on investments	(69,292,833)	817,537
Provision for (recovery of) deferred income taxes	7,484,000	17,000
Purchases of investments	(14,394,523)	(17,738,644)
Proceeds on sale of investments	16,789,970	23,098,223
	(1,559,125)	469,932
Net change in non-cash working capital items		
Accounts and other receivables	1,608,950	(221,417)
Accounts payable and accrued liabilities	(11,635)	59,733
	1,597,315	(161,684)
Cash provided by operating activities	38,190	308,248
Financing activities		
Issuance of loan payable	16,000,000	29,800,000
Repayment of loan payable	(11,400,000)	(20,800,000)
Dividends paid	(4,553,485)	(4,300,021)
Normal course issuer bid repurchases	-	(5,219,373)
Cash provided by (used in) financing activities	46,515	(519,394)
Net change in cash during the period	84,705	(211,146)
Cash, beginning of period	268,579	387,090
Cash, end of period	353,284	175,944
Supplemental disclosure		
Dividends received	4,739,307	2,704,501
Interest received	223,437	362,896
Interest paid	1,923,694	677,102

See accompanying notes

Urbana Corporation

Condensed interim schedule of investment portfolio as at September 30, 2023

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	\$	\$
13,490,878	CNSX Markets Inc. (Note 9)	8,228,349	80,945,268
1,327,620	Miami International Holdings Inc.	12,257,268	15,185,211
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	3,472,000
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	3,853,669
1,544,236	Evolve Funds Group Inc. ("Evolve") Class B Preferred	1,656,603	6,346,810
3,000,000	Evolve Funds Group Inc. Class C Preferred	1,904,944	12,330,000
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	4,912,461
498,041	EFG Management Holdings Inc. Class E Common (i)	1,462,549	2,046,949
15,259,886	Highview Financial Holdings Inc. (Note 9)	11,546,243	17,396,270
5	Integrated Grain Processors Co-operative Inc. Membership Shs	500	500
1,972,366	Integrated Grain Processors Co-operative Inc. Class E Preferred	3,251,961	20,907,080
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	8,520,977
465,381	Vive Crop Protection Inc. Class A2 Preferred	314,132	186,152
975,337	Vive Crop Protection Inc. Class B1 Preferred	284,613	390,135
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
768,062	Vive Crop Protection Inc. Class C2 Preferred	557,920	557,920
27,428	Kognitiv Corporation Class A-2 Preferred	353,000	30,927
122,222	Kognitiv Corporation	2,404,596	89,232
480,000	Lyceum CME Inc. Class B Preferred	2,400,000	2,400,000
6,047,895	FundThrough Inc. Class A-3 Preferred	6,250,000	11,551,479
1,570,680	FundThrough Inc. Class A-4 Preferred	2,999,999	2,999,999
208,290	Varo Money, Inc.	2,565,000	1,867,315
1,838,385	Tetra Trust Company Class A Common	1,850,759	2,095,759
5,622	Blue Ocean Technologies, LLC / Urbana International Inc. ("UII") (ii) (Note 9)	10,479,725	55,364,227
		98,404,645	259,101,430
	Public equity investments		
251,076	Caldwell Canadian Value Momentum Fund (Note 9)	4,808,053	5,532,661
502,073	Caldwell-Lazard CorePlus Infrastructure Fund (Note 9)	5,020,850	4,892,502
110,000	Cboe Global Markets, Inc.	3,637,004	23,231,551
100,000	Intercontinental Exchange Group Inc.	4,153,846	14,874,704
125,000	Citigroup Inc.	6,360,121	6,950,970
350,000	Bank of America Corp.	4,882,387	12,956,216
250,000	Morgan Stanley	6,933,526	27,604,460
1,600,000	Real Matters Inc.	6,352,346	9,920,000
3,772,200	Tamarack Valley Energy Ltd.	10,108,791	14,711,580
200,000	KKR & Co. Inc.	7,516,623	16,656,640
2,500,000	Whitecap Resources Inc.	8,776,111	28,675,000
10,000	Alibaba Group Holding Ltd. Sponsored ADR	1,217,738	1,172,725
		69,767,396	167,179,009
	Private debt investments		
3,000,000	Highview Financial Holdings Inc. (iii) (Note 9)	3,000,000	3,000,000
2,000,000	Highview Financial Holdings Inc. (iv) (Note 9)	2,000,000	2,000,000
1,000,000	Kognitiv Corporation (v)	1,000,000	1,000,000
		6,000,000	6,000,000
		174,172,041	432,280,439

(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) 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, 2023

(In Canadian dollars)

(iii) Unsecured convertible promissory note initially maturing on June 30, 2023 has been extended to December 31, 2023 with interest continuing 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.

(iv) Secured promissory note maturing on December 31, 2023 with interest at 8% per annum payable on maturity.

(v) Secured subordinated convertible note initially maturing on July 31, 2023 has been extended to July 31, 2024 with interest continuing 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 2023 or 2022.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

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, 2023 and September 30, 2022

1. Summary of significant accounting policies (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, 2023 and September 30, 2022

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, 2023 and September 30, 2022

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, 2023 and December 31, 2022:

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, 2023:

Investments	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	156,753,846	10,425,163	-	167,179,009
Private equity investments	-	-	259,101,430	259,101,430
Private debt investments	-	-	6,000,000	6,000,000
Total investments at FVTPL	156,753,846	10,425,163	265,101,430	432,280,439

Level 2 and 3 valuation methods – September 30, 2023

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell Canadian Value Momentum Fund	5,532,661	Net asset value per unit	Net asset value per unit	N/A
Caldwell-Lazard CorePlus Infrastructure Fund	4,892,502	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, 2023 and September 30, 2022

2. Fair value measurement (continued)

Private equity investments				
Caldwell Financial Ltd.	3,472,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	15,185,211	Average EV/revenue multiple	Average EV/revenue multiple	LTM:4.4-19.9 ⁽³⁾ NTM:7.8-17.8 ⁽⁴⁾
CNSX Markets Inc.	80,945,268	Market transaction	Recent transaction price	N/A
Highview Financial Holdings Inc.	17,396,270	EV as a % of AUM ⁽⁵⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	8,520,977	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	3,853,669	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class B	6,346,810	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8%-6.1% ⁽⁶⁾
Evolve Funds Group Inc. Class C	12,330,000	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8%-6.1% ⁽⁶⁾
Evolve Funds Group Inc. Class D	771,638	Market transaction	Recent transaction price	N/A
EFG Management Holdings Inc. Class A	4,912,461	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8%-6.1% ⁽⁶⁾
EFG Management Holdings Inc. Class E	2,046,949	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8%-6.1% ⁽⁶⁾
Integrated Grain Processors Co-operative Inc. Membership Shares	500	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Class E	20,907,080	Market transaction	Recent transaction price	N/A
Lyceum CME Inc. Class B	2,400,000	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class A2	186,152	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class B1	390,135	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class B3	3,250,000	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class C1	1,629,452	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class C2	557,920	Market transaction	Recent transaction price	N/A
Kognitiv Corporation Class A-2	30,927	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	89,232	Average EV/revenue multiple	Average EV/revenue multiple	LTM:1.3-8.4 ⁽⁷⁾ NTM:1.2-6.5 ⁽⁸⁾

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

2. Fair value measurement (continued)

FundThrough Inc. Class A-3	11,551,479	Market transaction	Recent transaction price	N/A
FundThrough Inc. Class A-4	2,999,999	Market transaction	Recent transaction price	N/A
Varo Money, Inc.	1,867,315	Market transaction	Recent transaction price	N/A
Tetra Trust Company Class A	2,095,759	Market transaction	Recent transaction price	N/A
Blue Ocean/Urbana International Inc.	55,364,227	Market transaction	Recent transaction price	N/A
Private debt investments				
Highview Financial Holdings Inc.	3,000,000	Face value	N/A	N/A
Highview Financial Holdings Inc.	2,000,000	Face value	N/A	N/A
Kognitiv Corporation	1,000,000	Face value	N/A	N/A
Ending balance	275,526,593			

⁽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: 11.1x.

⁽⁴⁾ Next twelve months enterprise value/revenue: 11.3x.

⁽⁵⁾ Enterprise value as a percentage of assets under management

⁽⁶⁾ Enterprise value as a percentage of adjusted assets under management: 2.77%.

⁽⁷⁾ Last twelve months enterprise value/revenue: 5.8x.

⁽⁸⁾ Next twelve months enterprise value/revenue: 4.7x.

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2022:

Investments	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	151,352,502	14,839,811	-	166,192,313
Private equity investments	-	-	192,964,030	192,964,030
Private debt investments	-	-	5,000,000	5,000,000
Total investments at FVTPL	151,352,502	14,839,811	197,964,030	364,156,343

Level 2 and 3 valuation methods – December 31, 2022

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell Canadian Value Momentum Fund	14,839,811	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, 2023 and September 30, 2022

2. Fair value measurement (continued)

Private equity investments				
Caldwell Financial Ltd.	3,168,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	14,318,916	Average EV/revenue multiple	Average EV/revenue multiple	LTM:3.8-19.6 ⁽³⁾ NTM:7.9-18.5 ⁽⁴⁾
CNSX Markets Inc.	80,885,268	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Fund	627,958	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	19,837,852	EV as a % of AUM ⁽⁵⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	8,142,469	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	4,681,370	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	8,906,046	Market transaction	Recent transaction price	N/A
Lyceum CME Inc. Class B	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	2.5-4.0 ⁽⁶⁾
Vive Crop Protection Inc. Class B1	209,609	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.0 ⁽⁶⁾
Vive Crop Protection Inc. Class C1	1,629,452	EV/LTM revenue multiple	EV/LTM revenue multiple	2.5-4.0 ⁽⁶⁾
Kognitiv Corporation Class A-2	253,827	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	145,732	Average EV/revenue multiple	Average EV/revenue multiple	LTM:1.4-8.5 ⁽⁷⁾ NTM:1.3-6.1 ⁽⁷⁾

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

2. Fair value measurement (continued)

FundThrough Inc. Class A-3	9,132,322	Average EV/LTM revenue/net interest income (NII) multiple	Average EV/LTM revenue/net interest income (NII) multiple	Rev:2.0-5.7 ⁽⁸⁾ NII:2.6-14.5 ⁽⁸⁾
Varo Money, Inc.	2,615,046	Market transaction	Recent transaction price	N/A
Tetra Trust Company Class A	1,995,000	Market transaction	Recent transaction price	N/A
Urbana International Inc.	11,403,950	Market transaction	Recent transaction price	N/A
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	212,803,841			

⁽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: 11.4x

⁽⁴⁾ Next twelve months enterprise value/revenue: 11.9x

⁽⁵⁾ Enterprise value as a percentage of assets under management

⁽⁶⁾ Last twelve months enterprise value/revenue: 3.0x

⁽⁷⁾ Last twelve months enterprise value/revenue:4.5x. Next twelve months enterprise value/revenue:3.7x.

⁽⁸⁾ Last twelve months enterprise value/revenue: 3.5x. Last twelve months enterprise value/NII: 6.2x.

Change in valuation methodology

During 2023, the Company changed the primary valuation technique for FundThrough Inc. from a methodology based on EV/revenue and EV/net interest income multiples to a methodology based on a recent market transaction since a recent market transaction was more suitable in determining fair value. Also during 2023, the Company changed the primary valuation technique for the Class A2, B3 and C1 preferred shares of Vive Crop Protection Inc. (“Vive”) from a methodology based on an EV/revenue multiple to a methodology based on recent market transactions since recent market transactions were more suitable in determining fair value. Lastly during 2023, the Company changed the primary valuation technique for the Class B and C preferred shares of Evolve Funds Group Inc. and for the Class A and E common shares of EFG Management Holdings Inc. from a methodology based on a recent market transaction to a methodology based on EV as a % of adjusted AUM as there was no recent market transaction.

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 the Class B and Class C preferred shares of 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. Lastly during 2022, the Company changed the primary valuation technique for the Class B1 preferred shares of Vive from a methodology based on an EV/revenue multiple to a methodology based on a recent market transaction since a recent market transaction was more suitable in determining fair value.

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Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

2. Fair value measurement (continued)

During the nine month period ended September 30, 2023 and the year ended December 31, 2022 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

September 30, 2023			
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	192,964,030	5,000,000	197,964,030
Change in unrealized gain	62,663,297	-	62,663,297
Purchases	4,177,540	2,000,000	6,177,540
Sales	(703,437)	(1,000,000)	(1,703,437)
Ending balance	259,101,430	6,000,000	265,101,430

December 31, 2022			
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	147,135,69	5,500,000	152,635,692
Change in unrealized gain	38,589,530	-	38,589,530
Purchases	7,238,808	1,000,000	8,238,808
Sales	-	(1,500,000)	(1,500,000)
Ending balance	192,964,03	5,000,000	197,964,030

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, 2023 and December 31, 2022 are shown below:

Level 3 valuation methods – September 30, 2023

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	347,200
	Recent transaction price	10%	18,494,78
	Net asset value	10%	1,237,465
	EV as a % of AUM – Highview	1%	8,087,740
	EV as a % of adjusted AUM – Evolve, EFG	10%	2,557,384
	Average EV/LTM_NTM revenue multiple – Kognitiv, Miami	10%	1,622,740
	Face value	10%	600,000
Private debt investments			
Total			32,947,314

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

2. Fair value measurement (continued)

Level 3 valuation methods - December 31, 2022

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	316,800
	Recent transaction price	10%	12,771,583
	Net asset value	10%	1,345,180
	EV as a % of assets under mgt. – Highview	1%	8,545,535
	Average EV/LTM_NTM revenue multiple – Kognitiv, Miami	10%	1,495,393
	EV/LTM revenue multiple - Vive ⁽²⁾	2.4%	1,461,256
	Average EV/LTM revenue/net interest income multiple - FundThrough	10%	967,663
	Private debt investments	Face value	10%
Total			27,403,409

⁽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 2023 and 2022, 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.

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, 2023, the Company held \$6,000,000 (December 31, 2022 – \$5,000,000) 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.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

3. Financial instruments and risk management (continued)

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, 2023				
Financial Liabilities	Due on demand	< 3 months	3 months to 1 year	Total
	\$	\$	\$	\$
Loan payable	36,600,000	-	-	36,600,000
Accounts payable and accrued liabilities	-	1,138,227	-	1,138,227
	36,600,000	1,138,227	-	37,738,227

December 31, 2022				
Financial Liabilities	Due on demand	< 3 months	3 months to 1 year	Total
	\$	\$	\$	\$
Loan payable	32,000,000	-	-	32,000,000
Accounts payable and accrued liabilities	-	1,149,862	-	1,149,862
	32,000,000	1,149,862	-	33,149,862

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.

The table below indicates the currencies to which the Company had significant exposure as at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Currency	As a % of net assets	As a % of net assets
	%	%
United States Dollar	48.40	41.30

As at September 30, 2023, the Company's net assets would have decreased or increased by approximately \$8,812,351 (December 31, 2022 - \$6,394,016) 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.

Urbana Corporation

Notes to the condensed interim financial statements for the nine month periods ended September 30, 2023 and September 30, 2022

3. Financial instruments and risk management (continued)

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

As at September 30, 2023	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$
Cash	353,284	-	-	-	353,284
Financial asset – debt	6,000,000	-	-	-	6,000,000
Loan payable	(36,600,000)	-	-	-	(36,600,000)
	(30,246,716)	-	-	-	(30,246,716)

As at December 31, 2022	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$
Cash	268,579	-	-	-	268,579
Financial asset – debt	5,000,000	-	-	-	5,000,000
Loan payable	(32,000,000)	-	-	-	(32,000,000)
	(26,731,421)	-	-	-	(26,731,421)

As at September 30, 2023, 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 \$237,017 (2022 - \$152,026). 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.

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, 2023, 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 \$16,717,901 (December 31, 2022 - \$ 16,619,231) or approximately 4.59% (December 31, 2022 – 5.37%) 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).

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

4. Accounts and other receivables

Accounts and other receivables consist of the following:

	September 30, 2023	December 31, 2022
	\$	\$
Dividends and distributions	339,985	2,122,072
Interest	312,992	194,008
Loans	322,888	280,973
Due from subsidiary	116,313	104,075
	1,092,178	2,701,128

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	September 30, 2023	December 31, 2022
	\$	\$
Investment management fees (Note 9)	748,949	672,495
Professional fees	111,694	237,346
Loan interest	245,384	175,341
Directors' fees	32,200	-
Administrative fees	-	53,900
Other	-	10,780
	1,138,227	1,149,862

6. Loan payable

Pursuant to a loan facility agreement between the Company and a major Canadian bank (the "Bank") dated July 2, 2021, the Bank provides a demand loan facility to the Company which allows Urbana to borrow up to \$50,000,000. 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. The loan facility is secured by a general charge on the Company's assets. Proceeds from the loan may be used to make additional investments and/or for general corporate purposes. As at September 30, 2023, the outstanding balance of the loan was \$36,600,000 (December 31, 2022 - \$32,000,000) which is the fair value of the loan. During the nine month period ended September 30, 2023, the minimum amount borrowed was \$32,000,000 (2022 - \$19,400,000) and the maximum amount borrowed was \$42,300,000 (2022 - \$32,700,000). As at September 30, 2023 and December 31, 2022, the Company has complied with all covenants, conditions and other requirements of the loan facility.

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.

Urbana Corporation

Notes to the condensed interim financial statements for the nine month periods ended September 30, 2023 and September 30, 2022

8. Share capital

As at September 30, 2023 and December 31, 2022 share capital consists of the following:

	Nine month period ended September 30, 2023		Year ended December 31, 2022	
	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	31,395,100	90,761,226	33,000,000	95,400,889
Normal course issuer bid repurchases during the period	-	-	(1,604,900)	(4,639,663)
Balance, end of period	31,395,100	90,761,226	31,395,100	90,761,226
Total	41,395,100	98,760,119	41,395,100	98,760,119

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, 2023, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,107,298 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, 2023, and will terminate on the earlier of September 6, 2024, 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 2,441 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 9,765 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, 2023, Urbana has not purchased any Class A Shares pursuant to the NCIB. Pursuant to the previous normal course issuer bid that terminated on September 6, 2023, Urbana purchased and cancelled 290,000 Class A Shares at an average price of \$3.95 per share.

9. Related party disclosures

Caldwell Financial Ltd. ("CFL"), a company under common management with Urbana, is the parent company of Caldwell Securities Ltd. ("CSL") and Caldwell Investment Management Ltd. ("CIM"), which is the investment manager of Urbana. Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana. As at September 30, 2023 and December 31, 2022, 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, 2023, the total commission fees paid to CSL by Urbana amounted to \$Nil (2022 – \$44,676), which was incurred in connection with the NCIB and was included in transaction costs.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2023 and September 30, 2022

9. Related party disclosures (continued)

Pursuant to an administrative services agreement dated April 1, 2021 and as amended on January 1, 2023, during the nine month period ended September 30, 2023 Urbana paid CSL \$336,627 (2022 - \$278,658) 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. On January 1, 2023, the administrative services agreement was amended to increase the monthly fee by \$6,441, due to the increased costs of all services performed by CSL on behalf of Urbana. This fee increase was approved by the independent directors.

In February 2023 Urbana paid total fees of \$257 (2022 - \$3,308) 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, 2023 and December 31, 2022 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.

In August 2023, Urbana redeemed 84,012 units of Caldwell Growth Opportunities Fund ("CGO") for \$524,279. As a result, as at September 30, 2023 Urbana no longer had an ownership interest in CGO (December 31, 2022 - 11.47%), which is a private equity pool managed by CIM. Urbana did not pay a management fee, as described in the management fee paragraph below, on this investment.

In 2023 and 2022, Urbana redeemed 464,523 and 189,837 units, respectively, of Caldwell Canadian Value Momentum Fund ("CCVMF") for \$10,000,000 and \$4,300,000, respectively. As at September 30, 2023 Urbana had a 3.06% ownership interest (December 31, 2022 - 7.40%) 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, a reduction from the 2.0% per annum management fee paid to CIM, as described in the management fee paragraph below.

In June 2023 Urbana purchased 500,000 units of the newly created Caldwell-Lazard CorePlus Infrastructure Fund ("CLCIF") for \$5,000,000. In August 2023 Urbana received a distribution of \$20,850 that was reinvested in 2,073 units of CLCIF. As at September 30, 2023 Urbana had a 63.21% ownership interest (December 31, 2022 - Nil) in CLCIF, which is a mutual fund managed by CIM. Urbana pays a 0.95% per annum management fee on this investment pursuant to an agreement dated June 28, 2023 between Urbana and CIM, a reduction from 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, 2023, CIM earned \$6,139,631 of investment management fees from Urbana (2022 - \$5,786,449). The investment management fees are accrued daily and paid monthly in arrears. As at September 30, 2023 there was an investment management fee payable included in accounts payable and accrued liabilities of \$748,949 to CIM (December 31, 2022 - \$672,495).

In September 2023 and December 2022, Urbana purchased 10,000 and 20,000 common shares, respectively, of CNSX Markets Inc. ("CNSX"), the operator of the CSE, for \$60,000 and \$120,000, respectively. As at September 30, 2023 Urbana owned 50.03% (December 31, 2022 - 49.99%) of the common shares of CNSX. Pursuant to an order by the Ontario Securities Commission dated May 12, 2023, Urbana is prohibited from nominating more than 50% of the directors of the CNSX and therefore it is not considered a subsidiary of Urbana for accounting purposes.

As at September 30, 2023 and December 31, 2022 Urbana had a 73.42% ownership interest in Highview Financial Holdings Inc. ("HFHI"). Pursuant to the HFHI amended and restated shareholders' agreement

Urbana Corporation

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9. Related party disclosures (continued)

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 for accounting purposes. As at September 30, 2023 Urbana held a \$3,000,000 convertible promissory note and a \$2,000,000 non-convertible promissory note from HFHI (December 31, 2022 - \$3,000,000). The initial maturity dates of these notes have been extended from June 30, 2023 and September 30, 2023, respectively, to December 31, 2023.

As at September 30, 2023 Urbana had a 35.45% ownership interest (December 31, 2022 – 37.31%) in Blue Ocean Technologies, LLC (“Blue Ocean”) through Urbana International Inc. (“UII”), its wholly-owned subsidiary. UII was formed for the sole purpose of investing in Blue Ocean. As at September 30, 2023 Urbana had a receivable of \$116,313 (December 31, 2022 - \$104,075) from UII in respect of operating expenses incurred by UII.

In the nine month period ended September 30, 2023, the remuneration of key management personnel (including directors), which included salaries and short-term benefits, was \$438,828 (2022 - \$426,648).

Urbana has 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, 2023 the total principal amount of the loans outstanding, which is included in accounts and other receivables, is \$322,888 (December 31, 2022 - \$280,973).

All related party transactions are recorded at their exchange amounts.

10. Income taxes

The Company’s provision for income taxes for the nine month periods ended September 30, 2023 and 2022 is summarized as follows:

	2023	2022
	\$	\$
Net income before income taxes	66,701,271	3,125,781
Expected taxes payable at future rates - 26.5%	17,675,837	828,332
Income tax effect of the following:		
Non-taxable portion of realized capital (gains) losses	(162,539)	(1,625,753)
Non-taxable portion of unrealized capital (gains) losses	(9,181,300)	108,324
Non-taxable dividends	(856,348)	(343,035)
Foreign withholding tax expense	292,800	267,222
Adjustment to prior year’s tax balance	11,772	1,166,514
Current income tax recovery	(156,500)	-
Other	(3,422)	38,988
Income tax expense	7,620,300	440,592

The income tax expense is represented as follows:

	2023	2022
	\$	\$
Provision for deferred income taxes	7,484,000	17,000
Current income tax expense (recovery)	(156,500)	156,370
Foreign withholding tax expense	292,800	267,222
Income tax expense	7,620,300	440,592

Urbana Corporation

Notes to the condensed interim financial statements
for the nine month periods ended September 30, 2023 and September 30, 2022

10. Income taxes (continued)

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

	September 30, 2023	December 31, 2022
	\$	\$
Resource deductions available in perpetuity	(7,242)	(7,682)
Unrealized capital gains on investments	35,227,043	25,970,890
Non-capital loss carryforwards	(3,012,526)	(1,589,587)
Capital loss carryforwards	(348,972)	-
Other	(303)	379
Total deferred income tax liability	31,858,000	24,374,000

As at September 30, 2023, the Company had capital losses of \$2,633,752 (December 31, 2022 – Nil) available for carryforward for tax purposes. Capital losses do not expire. Also at September 30, 2023, the Company had non-capital losses of \$11,368,022 (December 31, 2022 - \$5,998,443) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	Amount
	\$
December 31, 2042	4,025,449
December 31, 2043	7,342,573
	11,368,022

11. Dividends

On January 31, 2023 the Company paid a cash dividend of \$0.11 per share on the issued and outstanding Common and Class A Shares as at January 17, 2023 amounting to \$4,553,485. On January 31, 2022 the Company paid a 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.

12. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on November 8, 2023.