

URBANA CORPORATION

Message from President Year End 2021

On balance, 2021 was a very satisfactory year for Urbana Corporation (“Urbana”). Our common share price improved by 30.3% and our “A” share price by 31.8%. Urbana’s net assets per share grew by 26.2% (after taxes). This compares with a 20.1% increase for the Dow Jones Industrial Average Total Return Index in Canadian dollars. The S&P/TSX Composite Total Return Index also improved by 25.1%, bolstered by a spectacular recovery in the Canadian energy sector.

Urbana’s after tax net assets per share has grown by a compounded rate of 14.9% since October 2002.

During the 2021 calendar year, Urbana purchased and cancelled 1,211,727 “A” shares under a Normal Course Issuer Bid (“NCIB”) at an average price of \$3.34. This leaves 2,273,358 shares which can be purchased under the current authorization ending in September 2022. Traditionally we have reapplied for a new approval upon an expiry of an NCIB.

Urbana Corporation increased its dividend from \$0.08 per share in 2020 to \$0.09 per share in 2021. Post the 2021 year end, Urbana’s directors authorized a dividend increase to \$0.10 per share payable at the end of January 2022.

Urbana enjoyed excellent investment results in our public securities holdings during 2021. The two strongest sectors were U.S. financial services and Canadian energy companies, our two largest holdings groups. The only major setback in our portfolio was the decline in the value of Real Matters (TSX: REAL) which was impacted by the prospect of interest rate increases curtailing mortgage refinancing, a major appraisal market. Urbana did sell over half of its Real Matters position at significantly higher levels.

Our private equity component did well in 2021, with Evolve Funds Group (“Evolve”) doubling in price and initiating its first dividend which was paid in early January 2022. The CNSX Markets Inc., the operator of the Canadian Securities Exchange (“CSE”), also experienced a significantly increased valuation based upon independent trades in their shares. The CSE’s earnings also doubled over the year from 2020. Urbana’s management expects good things from both of these holdings, as well as our other positions in 2022.

Urbana wrote down Kognitiv Corporation and Radar Capital Inc. at the 2021 year end. There is, however, a reasonable chance that these reductions could be reversed in the New Year.

URBANA CORPORATION

In an effort to give some clarity to our private equity strategy, a brief outline of the leading edge financial services companies in Urbana's private equity portfolio component is noted below:

Blue Ocean Technologies, LLC: The first Securities and Exchange Commission ("SEC") approved venue for trading US stocks in Asia when US markets are closed.

Caldwell Financial Ltd. ("CFL"): Managing and advising on \$1.4 billion for private clients, institutions, mutual funds and ETFs, CFL's companies include an investment fund and portfolio manager, a life insurance agency and a self-clearing securities firm, Caldwell Securities Ltd., which traded 200 million shares worth over US\$20 billion during the past two years.

Canadian Securities Exchange ("CSE"): The world's fastest growing stock exchange, the CSE lists over 700 Canadian and international issuers with a focus on entrepreneurial companies and new industries.

Evolve Funds Group: Attracting over \$2 billion in assets in just four years, Evolve manages innovative ETFs in emerging sectors including cybersecurity, cloud computing, vehicle innovation, cryptocurrencies and the metaverse.

FundThrough Inc.: Having realized over 1000% revenue growth in the past three years, FundThrough's artificial intelligence powered platform is revolutionizing the accounts receivable factoring industry by getting businesses who invoice large customers paid faster.

Highview Financial Group: One of Canada's leading independent outsourced corporate chief investment officers ("CIOs"), Highview manages more than \$1 billion in assets on behalf of private clients, charities and institutions.

Kognitiv Corporation: With over \$1.2 billion in transactions annually and 190 million consumer profiles managed for global corporate clients, Kognitiv is spearheading the next generation of loyalty programs through its collaborative commerce technology platform -- enabling brands and asset owners to form peer-to-peer networks, collaborate with data, and unlock significant value for their customers.

Miami International Holdings Inc. ("MIAX"): Now trading nearly 15% of multi-listed options in America, MIAX's network of exchanges trades options, cash equities, agricultural and financial futures and is rapidly gaining a larger share of both US and global markets.

Tetra Trust Company: Canada's first and only trust company with regulatory approval to provide custody services for crypto assets including Bitcoin, Ethereum and Non-Fungible Tokens ("NFTs").

URBANA CORPORATION

Varo Money, Inc.: Launched in 2020 as America's first federally approved virtual bank, Varo Bank now has over four million accounts and has raised over US\$500 million in equity financing.

Looking into 2022 we can see further gains in our private equity sector.

Insofar as public equities are concerned, volatility will continue to be a feature. Wild moves in either direction are the result of the structures and trading practices now part of public markets generally.

The phrase "Don't get faked out and don't get faked in" covers the world in which we now live. The key is to have a view, continually examine new factors, but generally stay on track.

At present, geopolitical (Russia, China) influences and interest rate concerns dominate the press. Further, there are many highly priced technology companies which appear ripe for a pull back. We do not view any of these factors causing us to vary from our financial services and resource focus in the near term.

On balance, we remain positive for the coming year.



Thomas S. Caldwell, C.M.
Chief Executive Officer and President
February 2, 2022

Forward-Looking Statements

Certain information contained in this Report constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of Urbana, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. For important information regarding forward-looking statements, please refer to Urbana's most recently filed MD&A under the heading "Forward-Looking Statements".