

Condensed Interim Financial Statements of

# **Urbana Corporation**

June 30, 2022 and June 30, 2021

(Unaudited)

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

# Urbana Corporation

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

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# Urbana Corporation

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

(Unaudited)

(In Canadian dollars)

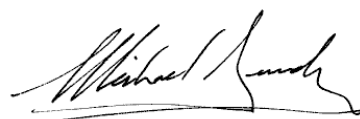
	June 30, 2022	December 31, 2021
	\$	\$
<b>Assets</b>		
Cash	208,339	387,090
Investments, at fair value (Notes 2 and 3)	335,465,321	347,179,284
Accounts and other receivables (Notes 4 and 9)	779,696	532,993
	<b>336,453,356</b>	<b>348,099,367</b>
<b>Liabilities</b>		
Loan payable (Note 6)	19,400,000	23,700,000
Accounts payable and accrued liabilities (Note 5)	813,154	928,689
Deferred income tax liability (Note 10)	22,524,000	22,331,000
	<b>42,737,154</b>	<b>46,959,689</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	100,025,192	103,399,782
Contributed surplus	67,106,569	68,164,415
Retained earnings	126,584,441	129,575,481
Shareholders' equity representing net assets	<b>293,716,202</b>	<b>301,139,678</b>
Total liabilities and shareholders' equity	<b>336,453,356</b>	<b>348,099,367</b>
<b>Number of shares outstanding (Note 8)</b>	<b>41,832,700</b>	<b>43,000,000</b>

See accompanying notes

Approved by the Board



Director



Director

# Urbana Corporation

Condensed interim statements of comprehensive income (loss)  
for the three and six month periods ended June 30, 2022 and June 30, 2021

(Unaudited)

(In Canadian dollars)

	Three month period ended June 30		Six month period ended June 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Revenue</b>				
Net realized gain on sale and disposal of investments	<b>7,637,705</b>	6,132,354	<b>8,401,459</b>	3,340,483
Net change in unrealized gain (loss) on investments	<b>(39,683,841)</b>	24,323,963	<b>(3,564,833)</b>	50,576,665
Dividends	<b>936,473</b>	643,355	<b>1,885,396</b>	1,306,821
Interest	<b>144,816</b>	78,076	<b>278,259</b>	147,944
	<b>(30,964,847)</b>	31,177,748	<b>7,000,281</b>	55,371,913
<b>Expenses</b>				
Investment management fees (Note 9)	<b>1,970,689</b>	1,671,249	<b>3,863,059</b>	3,222,121
Interest	<b>219,600</b>	176,444	<b>402,868</b>	373,611
Administrative (Note 9)	<b>355,664</b>	298,319	<b>723,806</b>	642,478
Transaction costs (Note 9)	<b>19,528</b>	3,000	<b>36,628</b>	3,663
Professional fees	<b>79,407</b>	75,423	<b>139,912</b>	126,968
	<b>2,644,888</b>	2,224,435	<b>5,166,273</b>	4,368,841
Net income (loss) before income taxes	<b>(33,609,735)</b>	28,953,313	<b>1,834,008</b>	51,003,072
Foreign withholding tax expense (Note 10)	<b>85,744</b>	67,740	<b>175,657</b>	135,949
Current income tax expense (Note 10)	<b>156,370</b>	-	<b>156,370</b>	-
Provision for (recovery of) deferred income taxes (Note 10)	<b>(4,201,000)</b>	3,573,000	<b>193,000</b>	6,339,000
Income tax expense (recovery)	<b>(3,958,886)</b>	3,640,740	<b>525,027</b>	6,474,949
<b>Total profit (loss) and comprehensive income (loss) for the period</b>	<b>(29,650,849)</b>	25,312,573	<b>1,308,981</b>	44,528,123
<b>Basic and diluted earnings (loss) per share</b>	<b>(0.71)</b>	0.57	<b>0.03</b>	1.01
<b>Weighted average number of shares outstanding</b>	<b>42,028,925</b>	44,161,552	<b>42,443,900</b>	44,179,598

See accompanying notes

# Urbana Corporation

Condensed interim statements of changes in equity  
for the six month periods ended June 30, 2022 and June 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	-	-	44,528,123	44,528,123
Dividends paid	-	-	(3,979,075)	(3,979,075)
Normal course issuer bid purchases	(280,710)	(26,221)	-	(306,931)
<b>Balance at June 30, 2021</b>	<b>106,622,097</b>	<b>68,679,956</b>	<b>114,109,350</b>	<b>289,411,403</b>
<b>Balance at January 1, 2022</b>	<b>103,399,782</b>	<b>68,164,415</b>	<b>129,575,481</b>	<b>301,139,678</b>
<b>Total profit and comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,308,981</b>	<b>1,308,981</b>
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(4,300,021)</b>	<b>(4,300,021)</b>
<b>Normal course issuer bid purchases</b>	<b>(3,374,590)</b>	<b>(1,057,846)</b>	<b>-</b>	<b>(4,432,436)</b>
<b>Balance at June 30, 2022</b>	<b>100,025,192</b>	<b>67,106,569</b>	<b>126,584,441</b>	<b>293,716,202</b>

See accompanying notes

# Urbana Corporation

Condensed interim statements of cash flows  
for the six months ended June 30, 2022 and June 30, 2021  
(Unaudited)

(In Canadian dollars)

	2022	2021
	\$	\$
<b>Operating activities</b>		
Total profit and comprehensive income for the period	1,308,981	44,528,123
Items not affecting cash		
Net realized (gain) loss on sale and disposal of investments	(8,401,459)	(3,340,483)
Net change in unrealized (gain) loss on investments	3,564,833	(50,576,665)
Provision for deferred income taxes	193,000	6,339,000
Purchases of investments	(5,039,541)	(41,900,189)
Proceeds on sale of investments	21,590,130	54,778,163
	<b>13,215,944</b>	<b>9,827,949</b>
Net change in non-cash working capital items		
Accounts and other receivables	(246,703)	10,456
Accounts payable and accrued liabilities	(115,535)	(1,020,482)
	<b>(362,238)</b>	<b>(1,010,026)</b>
Cash provided by operating activities	<b>12,853,706</b>	<b>8,817,923</b>
<b>Financing activities</b>		
Issuance of loan payable	16,500,000	21,800,000
Repayment of loan payable	(20,800,000)	(25,200,000)
Dividends paid	(4,300,021)	(3,979,075)
Normal course issuer bid purchases	(4,432,436)	(306,931)
Cash used in financing activities	<b>(13,032,457)</b>	<b>(7,686,006)</b>
Net change in cash during the period	<b>(178,751)</b>	<b>1,131,917</b>
Cash, beginning of period	<b>387,090</b>	<b>732,456</b>
<b>Cash, end of period</b>	<b>208,339</b>	<b>1,864,373</b>
<b>Supplemental disclosure</b>		
Dividends received	1,665,977	1,169,066
Interest received	155,925	231,914
Interest paid	389,117	395,847

See accompanying notes

# Urbana Corporation

## Condensed interim schedule of investment portfolio as at June 30, 2022

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	<b>Private equity investments</b>	\$	\$
13,460,878	CNSX Markets Inc. (Note 9)	8,048,349	84,130,488
1,327,620	Miami International Holdings Inc.	12,257,268	13,700,507
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,856,000
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	5,085,167
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,772,788	2,903,164
3,000,000	Evolve Funds Group Inc. Class C Preferred	2,130,658	5,640,000
719,342	Evolve Funds Group Inc. Class D Preferred	719,342	719,342
15,259,886	Highview Financial Holdings Inc. (Note 9)	11,546,243	19,532,654
5	Integrated Grain Processors Co-operative Inc. Membership Shs	500	500
1,759,299	Integrated Grain Processors Co-operative Inc. Class E Preferred	4,486,212	7,477,021
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	7,873,543
84,012	Caldwell Growth Opportunities Fund ("CGOF") (i) (Note 9)	703,437	636,973
465,381	Vive Crop Protection Inc. Class A2 Preferred	314,132	314,132
455,671	Vive Crop Protection Inc. Class B1 Preferred	45,567	45,567
6,500,000	Vive Crop Protection Inc. Class B3 Preferred	3,250,000	3,250,000
3,250,000	Vive Crop Protection Inc. ("Vive") Warrants (ii)	-	-
27,428	Kognitiv Corporation Preferred	353,000	241,651
122,222	Kognitiv Corporation	2,404,596	253,833
6,047,895	FundThrough Inc. Preferred	6,250,000	8,104,179
208,290	Varo Money, Inc.	2,565,000	2,489,596
1,750,000	Tetra Trust Company Class A Common	1,750,000	1,750,000
5,622	Urbana International Inc. ("UII") (iii) (Note 9)	10,479,725	10,948,318
		87,464,521	177,952,635
	<b>Public equity investments</b>		
715,599	Caldwell Canadian Value Momentum Fund (Note 9)	13,703,577	14,633,432
110,000	Cboe Global Markets, Inc.	3,637,004	16,061,038
100,000	Intercontinental Exchange Group Inc.	4,153,846	12,130,690
150,000	Citigroup Inc.	7,632,146	8,898,720
350,000	Bank of America Corp.	4,882,387	14,054,650
250,000	Morgan Stanley	6,933,526	24,528,399
1,600,000	Real Matters Inc.	6,352,346	8,128,000
4,000,000	Tamarack Valley Energy Ltd.	10,719,252	17,320,000
200,000	KKR & Co. Inc. Class A	7,516,623	11,942,357
30,000	Stelco Holdings Inc.	1,166,907	965,400
2,500,000	Whitecap Resources Inc.	8,776,111	22,350,000
		75,473,725	151,012,686
	<b>Private debt investments</b>		
3,000,000	Highview Financial Holdings Inc. (iv) (Note 9)	3,000,000	3,000,000
1,000	Integrated Grain Processors Co-operative Inc. (v)	1,000,000	1,000,000
1,500,000	Vive Crop Protection Inc. (vi)	1,500,000	1,500,000
1,000,000	Kognitiv Corporation (vii)	1,000,000	1,000,000
		6,500,000	6,500,000
		169,438,246	335,465,321

(i) Urbana owns 11.54% of CGOF, which owns 5.50% of the Class B common shares of Radar Capital Inc.

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

(iii) 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.

(iv) 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.

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

# Urbana Corporation

## Condensed interim schedule of investment portfolio as at June 30, 2022

(In Canadian dollars)

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(vi) Secured convertible promissory note maturing on August 17, 2024 with interest at 10% per annum and convertible into equity at a conversion price of 90% in year one. Subsequent to June 30, 2022, the note, as well as accrued and unpaid interest, have been converted into 2,492,279 Class C1 preferred shares of Vive.

(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 six months ended June 30, 2022 and June 30, 2021

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

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

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

### 1. Summary of significant accounting policies

#### *Basis of presentation*

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

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

#### *Statement of compliance*

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

#### *Judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period. Actual results could differ from those estimates. Significant judgments and estimates included in the financial statements relate to the valuation of level 3 investments and 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 six months ended June 30, 2022 and June 30, 2021

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

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

##### Valuation of investments (continued)

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

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

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

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

##### Mining Claims

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

#### *Segmented information*

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

#### *Functional and presentation currency*

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

#### *Foreign currency translation*

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

# Urbana Corporation

## Notes to the condensed interim financial statements for the six months ended June 30, 2022 and June 30, 2021

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

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

#### *Financial instruments*

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

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

#### *Transaction costs*

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

#### *Deferred income taxes*

The Company accounts for deferred income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A 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 six months ended June 30, 2022 and June 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 June 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. <sup>(1)</sup>	United States	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%

<sup>(1)</sup> 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 June 30, 2022:

Investments	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	136,379,254	14,633,432	-	151,012,686
Private equity investments	-	-	177,952,635	177,952,635
Private debt investments	-	-	6,500,000	6,500,000
<b>Total investments at FVTPL</b>	<b>136,379,254</b>	<b>14,633,432</b>	<b>184,452,635</b>	<b>335,465,321</b>

Level 2 and 3 valuation methods – June 30, 2022

Description	Fair value (\$) <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Public equity investments</b>				
Caldwell Canadian Value Momentum Fund	14,633,432	Net asset value per unit	Net asset value per unit	N/A

# Urbana Corporation

Notes to the condensed interim financial statements  
for the six months ended June 30, 2022 and June 30, 2021

## 2. Fair value measurement (continued)

<b>Private equity investments</b>				
Caldwell Financial Ltd.	<b>2,856,000</b>	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	<b>13,700,507</b>	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	<b>84,130,488</b>	Average EV/EBITDA multiple	Average EV/EBITDA multiple	LTM:12.2-21.8 <sup>(3)</sup> NTM:12.4-21.3 <sup>(4)</sup>
Caldwell Growth Opportunities Fund	<b>636,973</b>	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	<b>19,532,654</b>	EV as a % of AUM <sup>(5)</sup>	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	<b>7,873,543</b>	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	<b>5,085,167</b>	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class B	<b>2,903,164</b>	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8%-5.4% <sup>(6)</sup>
Evolve Funds Group Inc. Class C	<b>5,640,000</b>	EV as a % of adjusted AUM	EV as a % of adjusted AUM	0.8%-5.4% <sup>(6)</sup>
Evolve Funds Group Inc. Class D	<b>719,342</b>	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Membership Shares	<b>500</b>	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Class E	<b>7,477,021</b>	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class A2	<b>314,132</b>	EV/LTM revenue multiple	EV/LTM revenue multiple	1.8-5.8 <sup>(7)</sup>
Vive Crop Protection Inc. Class B1	<b>45,567</b>	EV/LTM revenue multiple	EV/LTM revenue multiple	1.8-5.8 <sup>(7)</sup>
Vive Crop Protection Inc. Class B3	<b>3,250,000</b>	EV/LTM revenue multiple	EV/LTM revenue multiple	1.8-5.8 <sup>(7)</sup>
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	1.8-5.8 <sup>(7)</sup>
Kognitiv Corporation Preferred	<b>241,651</b>	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	<b>253,833</b>	Average EV/revenue multiple	Average EV/revenue multiple	LTM:2.2-6.6 <sup>(8)</sup> NTM:1.8-5.1 <sup>(8)</sup>
FundThrough Inc. Preferred	<b>8,104,179</b>	Average EV/LTM revenue/net interest income (NII) multiple	Average EV/LTM revenue/net interest income (NII) multiple	Rev:2.5-5.4 <sup>(9)</sup> NII:3.5-13.0 <sup>(9)</sup>
Varo Money, Inc.	<b>2,489,596</b>	Market transaction	Recent transaction price	N/A
Tetra Trust Company Class A	<b>1,750,000</b>	Market transaction	Recent transaction price	N/A
Urbana International Inc.	<b>10,948,318</b>	Discounted cash flow	Discount rate	14.83%

# Urbana Corporation

Notes to the condensed interim financial statements  
for the six months ended June 30, 2022 and June 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
Kognitiv Corporation	1,000,000	Face value	N/A	N/A
<b>Ending balance</b>	<b>199,086,067</b>			

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

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

<sup>(3)</sup> Last twelve months enterprise value/earnings before income tax, depreciation and amortization: 15.1x.

<sup>(4)</sup> Next twelve months enterprise value/earnings before income tax, depreciation and amortization: 15.9x.

<sup>(5)</sup> Enterprise value as a percentage of assets under management

<sup>(6)</sup> Enterprise value as a percentage of adjusted assets under management: 2.55%

<sup>(7)</sup> Last twelve months enterprise value/revenue: 3.9x

<sup>(8)</sup> Last twelve months enterprise value/revenue: 4.5x. Next twelve months enterprise value/revenue: 3.9x.

<sup>(9)</sup> Last twelve months enterprise value/revenue: 4.1x. Last twelve months enterprise value/NI: 7.1x.

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
<b>Total investments at FVTPL</b>	<b>174,308,829</b>	<b>20,234,763</b>	<b>152,635,692</b>	<b>347,179,284</b>

Level 2 and 3 valuation methods – December 31, 2021

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

# Urbana Corporation

Notes to the condensed interim financial statements  
for the six months ended June 30, 2022 and June 30, 2021

## 2. Fair value measurement (continued)

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 <sup>(3)</sup>	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 <sup>(4)</sup>
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 <sup>(4)</sup>
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 <sup>(5)</sup>
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 <sup>(5)</sup>
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 <sup>(5)</sup>
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.2-7.2 <sup>(5)</sup>
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 <sup>(6)</sup> NTM:2.2-6.2 <sup>(6)</sup>
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 <sup>(7)</sup> NII:3.6-14.9 <sup>(7)</sup>
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 six months ended June 30, 2022 and June 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			

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

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

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

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

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

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

<sup>(7)</sup> Last twelve months enterprise value/revenue: 6.8x. Last twelve months enterprise value/Nil: 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 recent earnings of CNSX have increased substantially. Management determined that this new valuation methodology was more reflective of fair value. Also during 2022, the Company changed the primary valuation technique for Urbana International Inc. 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.

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.

During the six month period ended June 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:

	June 30, 2022		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	147,135,692	5,500,000	152,635,692
Change in unrealized gain	31,044,155	-	31,044,155
Purchases	-	1,000,000	1,000,000
Sales	(227,212)	-	(227,212)
Ending balance	177,952,635	6,500,000	184,452,635



# Urbana Corporation

Notes to the condensed interim financial statements  
for the six months ended June 30, 2022 and June 30, 2021

## 2. Fair value measurement (continued)

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

Level 3 valuation methods – June 30, 2022

Description	Input	Sensitivity used <sup>(1)</sup>	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	285,600
	Recent transaction price	10%	2,637,862
	Net asset value	10%	1,359,568
	EV as a % of assets under mgt. – Highview	1%	8,240,339
	EV as a % of adjusted assets under mgt. – Evolve	10%	863,405
	Average EV/LTM_NTM revenue multiple - Kognitiv	10%	58,334
	EV/LTM revenue multiple - Vive <sup>(2)</sup>	2.4%	1,419,136
	Average EV/LTM revenue/net interest income multiple - FundThrough	10%	786,226
	Average EV/EBITDA multiple - CNSX	10%	7,403,483
	Discounted cash flow - UII	1%	1,393,657
	Private debt investments	Face value	10%
Total			25,097,610

# Urbana Corporation

Notes to the condensed interim financial statements  
for the six months ended June 30, 2022 and June 30, 2021

## 2. Fair value measurement (continued)

Level 3 valuation methods - December 31, 2021

Description	Input	Sensitivity used <sup>(1)</sup>	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 <sup>(2)</sup>	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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

### *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 June 30, 2022, the Company held \$6,500,000 (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

# Urbana Corporation

## Notes to the condensed interim financial statements for the six months ended June 30, 2022 and June 30, 2021

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

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.

June 30, 2022	Due on demand	< 3 months	3 months to 1 year	Total
Financial Liabilities				
	\$	\$	\$	\$
Loan payable	19,400,000	-	-	19,400,000
Accounts payable and accrued liabilities	-	813,154	-	813,154
	19,400,000	813,154	-	20,213,154

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.

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

	June 30, 2022	December 31, 2021
Currency	As a % of net assets	As a % of net assets
	%	%
United States Dollar	39.30	48.98

As at June 30, 2022, the Company's net assets would have decreased or increased by approximately \$5,770,876 (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-

# Urbana Corporation

## Notes to the condensed interim financial statements for the six months ended June 30, 2022 and June 30, 2021

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

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.

<b>As at June 30, 2022</b>	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Cash	208,339	-	-	-	208,339
Financial asset – debt	-	6,500,000	-	-	6,500,000
Loan payable	(19,400,000)	-	-	-	(19,400,000)
	<b>(19,191,661)</b>	<b>6,500,000</b>	-	-	<b>(12,691,661)</b>

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

As at June 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 \$94,662 (2021 - \$70,203). 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 June 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 \$15,101,269 (December 31, 2021 - \$ 19,454,359) or approximately 5.14% (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).

# Urbana Corporation

## Notes to the condensed interim financial statements for the six months ended June 30, 2022 and June 30, 2021

### 4. Accounts and other receivables

Accounts and other receivables consist of the following:

	June 30, 2022	December 31, 2021
	\$	\$
Dividends	142,225	94,725
Interest	257,622	135,288
Loans	280,973	210,573
Due from subsidiary	98,876	92,407
	<b>779,696</b>	<b>532,993</b>

### 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	June 30, 2022	December 31, 2021
	\$	\$
Investment management fees (Note 9)	624,446	638,274
Professional fees	117,650	161,226
Loan interest	71,058	57,306
Administrative fees	-	46,991
Other	-	24,892
	<b>813,154</b>	<b>928,689</b>

### 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 June 30, 2022, the outstanding balance of the loan was \$19,400,000 (December 31, 2021 - \$23,700,000) which is the fair value of the loan. During the six month period ended June 30, 2022, the minimum amount borrowed was \$19,400,000 (2021 - \$12,100,000) and the maximum amount borrowed was \$30,700,000 (2021 - \$24,500,000). As at June 30, 2022 and December 31, 2021, 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 six months ended June 30, 2022 and June 30, 2021

### 8. Share capital

As at June 30, 2022 and December 31, 2021 share capital consists of the following:

	Six month period ended June 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	(1,167,300)	(3,374,590)	(1,211,727)	(3,503,025)
Balance, end of period	31,832,700	92,026,299	33,000,000	95,400,889
Total	41,832,700	100,025,192	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 27, 2021, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,373,358 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, 2021, and will terminate on the earlier of September 6, 2022, the date Urbana completes its purchases pursuant to the notice of intention to conduct a normal course issuer bid filed with the TSX, or the date of notice by Urbana of termination of the bid. Purchases are to be made on the open market by Urbana through the facilities of the TSX or the CSE in accordance with the rules and policies of the TSX. The price that Urbana may pay for any such shares is to be the market price of such shares on the TSX or the CSE at the time of acquisition. The Class A Shares purchased under the NCIB must be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 4,179 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 16,716 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 June 30, 2022, Urbana has purchased and cancelled 2,267,300 Class A Shares at an average price of \$3.58 per share pursuant to the NCIB. Pursuant to the previous normal course issuer bid that terminated on September 3, 2021, Urbana purchased and cancelled 3,738,227 Class A Shares at an average price of \$2.60 per share.

### 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 June 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 six month period ended June 30, 2022, the total commission fees paid to CSL by Urbana amounted to \$36,628 (2021 – \$3,663) 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 six months ended June 30, 2022 and June 30, 2021

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### 9. Related party disclosures (continued)

Pursuant to an administrative services agreement effective as of March 1, 2019 and as amended on April 1, 2021, during the six month period ended June 30, 2022 Urbana paid CSL \$185,772 (2021 - \$178,992) 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 March and April 2021 Urbana paid total fees of \$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.

As at June 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 June 30, 2022 Urbana had an 11.54% 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 June 30, 2022 Urbana had a 7.15% 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 six month period ended June 30, 2022, CIM earned \$3,863,059 of investment management fees from Urbana (2021 - \$3,222,121). 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 June 30, 2022 there was an investment management fee payable included in accounts payable and accrued liabilities of \$624,446 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 June 30, 2022 and December 31, 2021 Urbana owned 49.92% of the common shares of CNSX.

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 June 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 has agreed that it shall not be entitled to elect a majority of the board of directors of HFHI and therefore it is not considered a subsidiary of Urbana. As at June 30, 2022 and December 31, 2021 Urbana held a \$3,000,000 convertible promissory note from HFHI.

# Urbana Corporation

## Notes to the condensed interim financial statements for the six months ended June 30, 2022 and June 30, 2021

### 9. Related party disclosures (continued)

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. 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 June 30, 2022 Urbana had a receivable of \$98,876 (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 six month period ended June 30, 2022, the remuneration of key management personnel (including directors), which included salaries and short-term benefits, was \$270,892 (2021 - \$227,664).

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 June 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.

### 10. Income taxes

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

	2022	2021
	\$	\$
Net income before income taxes	<b>1,834,008</b>	51,003,072
Expected taxes payable at future rates - 26.5%	<b>486,012</b>	13,515,814
Income tax effect of the following:		
Non-taxable portion of realized capital (gains) losses	<b>(1,624,705)</b>	(442,614)
Non-taxable portion of unrealized capital (gains) losses	<b>472,340</b>	(6,701,408)
Non-taxable dividends	<b>(189,303)</b>	(109,093)
Foreign withholding tax expense	<b>175,657</b>	99,923
Adjustment to prior year's tax balance	<b>1,166,514</b>	166,648
Other	<b>38,512</b>	(54,321)
<b>Income tax expense</b>	<b>525,027</b>	6,474,949



# Urbana Corporation

Notes to the condensed interim financial statements  
for the six months ended June 30, 2022 and June 30, 2021

## 10. Income taxes (continued)

The income tax expense is represented as follows:

	2022	2021
	\$	\$
Provision for deferred income taxes	193,000	6,339,000
Current income tax expense	156,370	-
Foreign withholding tax expense	175,657	135,949
<b>Income tax expense</b>	<b>525,027</b>	<b>6,474,949</b>

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

	June 30, 2022	December 31, 2021
	\$	\$
Resource deductions available in perpetuity	(7,682)	(48,029)
Unrealized capital gains on investments	22,951,390	23,193,127
Non-capital loss carryforwards	(420,157)	(813,713)
Other	449	(385)
<b>Total deferred income tax liability</b>	<b>22,524,000</b>	<b>22,331,000</b>

As at June 30, 2022, the Company had a non-capital loss of \$1,585,499 (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.

## 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 much 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 August 10, 2022.