



Clarke Inc. Reports 2022 Third Quarter Results and Announces Construction Financing for Ottawa Development

Halifax, Nova Scotia – November 8, 2022 – Clarke Inc. (“Clarke” or the “Company”) (TSX: CKI) (TSX: CKI.DB) today announced its results for the three and nine months ended September 30, 2022 and new construction financing.

Third Quarter Results

Net income for the three and nine months ended September 30, 2022 was \$3.9 million and \$1.9 million, respectively compared to net income of \$3.5 million and \$10.6 million for the same periods in 2021.

The Company’s operating businesses were significantly more profitable during the quarter compared to the same period in 2021 – in particular, the Company’s hotels. Hotel operations in the third quarter increased significantly compared to the same quarter in the prior year and the first and second quarters of the current year. Hotel revenue for the three and nine months ended September 30, 2022 was \$17.2 million and \$39.4 million, respectively, compared to \$11.0 million and \$22.7 million for the same periods in 2021. The hospitality segment’s net income before taxes was \$3.9 million and \$5.8 million for the three and nine months ended September 30, 2022, respectively, compared to net income of \$1.4 million and a net loss of \$1.6 million for the same periods in 2021.

In 2021, net income was primarily driven by net gains on the Company’s marketable securities. The Company had no marketable security dispositions or significant unrealized gains in the three and nine months ended September 30, 2022, compared to net gains of \$3.0 million and \$17.2 million in the same periods in 2021.

During the third quarter of 2022, the Company’s book value per common share¹ increased by \$0.34, or 2.5%. The increase was primarily driven by hotel net operating income of \$7.2 million, or \$0.50 per common share, offset by depreciation and amortization of \$2.4 million, or \$0.17 per common share and interest expense of \$1.6 million, or \$0.12 per common share. Our book value per common share at the end of the quarter was \$13.83 while our common share price was \$11.52.

Additional commentary on our third quarter results can be found in our Management’s Discussion & Analysis for the three and nine months ended September 30, 2022.

¹ Book value per share and hotel net operating income are non-IFRS measures and ratios. Refer to the “Cautionary Statement Regarding Use of Non-IFRS Accounting Measures and Ratios” section of this press release and our September 30, 2022 MD&A for more information.

Other Information

Highlights of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021 are as follows:

	Three months ended Sept 30, 2022	Three months ended Sept 30, 2021	Nine months ended Sept 30, 2022	Nine months ended Sept 30, 2021
<i>(in millions, except per share amounts)</i>	\$	\$	\$	\$
Hotel revenue	17.2	11.0	39.4	22.7
Provision of services	4.5	4.3	6.7	5.9
Investment and other income*	0.5	2.7	1.4	16.9
Net income	3.9	3.5	1.9	10.6
Comprehensive income	4.5	5.4	(10.3)	38.1
Basic earnings per share (“EPS”)	0.27	0.24	0.13	0.72
Diluted EPS	0.25	0.16	0.13	0.61
Total assets	389.6	382.4	389.6	382.4
Total liabilities	194.7	181.0	194.7	181.0
Long-term financial liabilities	87.6	116.2	87.6	116.2
Book value per share	13.83	13.96	13.83	13.96

* Investment and other income includes unrealized and realized gains and losses on assets and liabilities, fair value changes of property and equipment and investment property presented in the statement of earnings, interest income, pension expense/recovery and foreign exchange gains/losses.

Further information about Clarke, including Clarke’s Interim Condensed Consolidated Financial Statements and Management’s Discussion & Analysis for the three and nine months ended September 30, 2022, is available at www.sedar.com and www.clarkeinc.com.

Construction Financing

The Company recently entered into an \$85.0 million credit facility with a major Canadian bank for the construction of phase one of its multi-unit residential apartment complex on Carling Avenue in Ottawa, ON. The loan bears interest at the lender’s prime rate and has a three-year term.

Tom Casey, Clarke’s Chief Financial Officer, stated “We were very pleased with the strong lender interest in financing phase one of this development. We received multiple extremely competitive offers from lenders across Canada. We would like to thank all of the interested lenders, in particular, our chosen lending partner for the confidence they have shown in our assets, our organization and this project in particular.” Phase one of the Carling Avenue development broke ground in May 2021 and has been self-financed to date.

About Clarke

Halifax-based Clarke invests in a variety of private and publicly-traded businesses and participates actively where necessary to enhance the performance of such businesses and increase its return. The Company also has a diverse and significant portfolio of direct real estate holdings across the hospitality, commercial, industrial, and residential sectors. Clarke’s securities trade on the Toronto Stock Exchange (CKI, CKI.DB); for more information about Clarke Inc., please visit our website at www.clarkeinc.com.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures and Ratios

This press release makes reference to “book value per share” and “net operating income” (or “hotel net operating income”). Book value per share and net operating income are not financial measures or ratios calculated and presented in accordance with International Financial Reporting Standards (“IFRS”) and should not be considered in isolation or as a substitute to any financial measures or ratios of performance calculated and presented in accordance with IFRS. These non-IFRS financial measures and ratios are presented in this press release because management of

Clarke believes that such measures and ratios enhance the user's understanding of our historical and current financial performance.

Book value per share is measured by dividing shareholders' equity of the Company at the date of the statement of financial position by the number of common shares outstanding at that date. Net operating income is defined as revenue less expenses. Net operating income measures operating results before interest, depreciation, and amortization. Clarke's method of determining these amounts may differ from other companies' methods and, accordingly, these amounts may not be comparable to measures used by other companies.

Note on Forward-Looking Statements and Risks

This press release may contain or refer to certain forward-looking statements relating, but not limited, to the Company's expectations, intentions, plans and beliefs with respect to the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budgets", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or equivalents or variations of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future or expected performance of the Company's investee companies, the future price and value of securities held by the Company, changes in these securities holdings, the future price of oil and value of securities held by the Company, changes to the Company's hedging practices, currency fluctuations and requirements for additional capital. Forward-looking statements rely on certain underlying assumptions that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the Company's investment strategy, legal and regulatory risks, general market risk, potential lack of diversification in the Company's investments, interest rates, foreign currency fluctuations, the sale of Company investments, the fact that dividends from investee companies are not guaranteed, reliance on key executives, commodity market risk, risks associated with investment in derivative instruments and other factors. With respect to the Company's investment in hotel, real estate and ferry operations, such risks and uncertainties include, among others, weather conditions, safety, claims and insurance, uninsured losses, changes in levels of business and commercial travel and tourism, increases in the supply of accommodations in local markets, the recurring need for renovation and improvement of hotel properties, labour relations, and other factors.

Although the Company has attempted to identify important factors that could cause actions, events or results not to be as estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

For further information, please contact George Armoyan, President and Chief Executive Officer, at (902) 442-3413 or Tom Casey, CPA, CA, Chief Financial Officer, at (902) 420-6446.