

Clarke Inc. Reports Refinancing of Credit Facilities and 2023 Third Quarter Results

Halifax, Nova Scotia – November 10, 2023 – Clarke Inc. (“Clarke” or the “Company”) (TSX: CKI) today announced refinancing of credit facilities and its results for the three and nine months ended September 30, 2023.

Refinancing of Credit Facilities

In October 2023, the Company refinanced two of its major credit facilities resulting in incremental borrowing availability of more than \$36.0 million. This borrowing availability will be used to fund working capital and operations, to finance accretive renovations and other initiatives and to fund the Company’s ongoing construction projects – in particular, the second phase of the Company’s Carling Avenue development in Ottawa, ON.

The Company amended an existing revolving line of credit, increasing the maximum borrowing capacity from \$40.0 million to \$55.0 million. The Company pledged an additional hotel property and its ferry operations, both previously unencumbered as part of this amendment.

The Company renewed an existing credit facility that matured on October 1, 2023. The new \$55.0 million credit facility is comprised of a \$25.0 million term loan and a \$30.0 million revolving line of credit.

Tom Casey, Clarke’s Chief Financial Officer, stated “We are very pleased to renew and expand our existing credit facilities. Both expanded facilities remain with lending partners who we have long-term and strong relationships with. We wish to thank our lenders for the continued confidence they have shown in the Company and our upcoming projects.”

Third Quarter Results¹

Hotel operations produced strong third quarter results and achieved net operating income of \$8.2 million for the quarter and \$18.2 million year to date, compared to \$7.2 million and \$15.2 million respectively in 2022. The improved year-over-year results are mainly due to continued recovery from the COVID-19 pandemic, which was still having a significant negative impact in early 2022, the acquisition of the Stanford Inn & Suites in Grande Prairie, AB in June 2022, and the results of the newly renovated Sternwheeler Hotel and Conference Center in Whitehorse, YT, which was still undergoing renovations in the first two quarters of 2022. Our four hotels in Grande Prairie, AB had a particularly strong quarter due to strong economic activity in the region and from unanticipated business from forest fire evacuees.

The Company’s net loss was \$1.9 million and \$4.1 million for the three and nine months ended September 30, 2023, respectively, compared to net income of \$3.9 million and \$1.9 million for the same periods in 2022. The subdued earnings year-over-year are primarily because the Company recorded \$4.2 million of net fair value adjustment losses within earnings in the third quarter. This \$4.2 million was the aggregate of \$7.0 million of fair value losses on its investment properties, offset by \$2.8 million of fair value gains on certain hotel properties. The Company also recorded an additional \$7.2 million of fair value gains on certain hotel properties within other comprehensive income.

Comprehensive income was \$0.8 million and \$4.5 million for the three months ended September 30, 2023 and 2022, respectively. Comprehensive income was \$1.0 million for the nine months ended September 30, 2023, compared to a comprehensive loss of \$10.3 million for the nine months ended September 30, 2022. Comprehensive income for the three and nine months ended September 30, 2023 was primarily driven by the aforementioned revaluation gains

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, 2023 MD&A for more information.

on certain hotel properties, partially offset by remeasurement losses on the Company's defined benefit pension plans.

During the third quarter of 2023, the Company's book value per common share increased by \$0.06, or 0.4%. The change can be attributed primarily to (i) hotel net operating income of \$8.2 million or \$0.58 per share and (ii) revaluation gains, net of tax on property and equipment of \$7.6 million or \$0.54 per share offset by (iii) fair value adjustments on investment properties of \$7.0 million or \$0.50 per share, (iv) after-tax remeasurement losses and the effect of changes to the asset ceiling on the Company's pension plans of \$2.9 million or \$0.21 per share, (v) depreciation of \$2.8 million or \$0.20 per share and (vi) interest and accretion of \$1.9 million or \$0.13 per share.

The Company's book value per common share at the end of the quarter was \$15.37 while our common share price was \$13.90.

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, 2023.

Other Information

Highlights of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022 are as follows:

<i>(in millions, except per share amounts)</i>	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	\$	\$	\$	\$
Hotel and rental revenue	19.6	17.2	50.5	39.4
Provision of services revenue	4.3	4.5	6.8	6.7
Investment and other income (loss)*	(4.8)	0.5	(4.9)	1.4
Net income (loss)	(1.9)	3.9	(4.1)	1.9
Comprehensive income (loss)	0.8	4.5	1.0	(10.3)
Basic earnings (loss) per share ("EPS")	(0.13)	0.27	(0.29)	0.13
Diluted EPS	(0.13)	0.25	(0.29)	0.13
Total assets	452.5	389.6	452.5	389.6
Total liabilities	237.7	194.7	237.7	194.7
Long-term financial liabilities	117.1	87.6	117.1	87.6
Book value per share	15.37	13.83	15.37	13.83

* Investment and other income (loss) includes unrealized and realized gains and losses on assets and liabilities, interest income, fair value changes of property and equipment presented in the statement of earnings, fair value changes of investment properties, pension expense and/or recovery, and foreign exchange gains and 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, 2023, is available at www.sedar.com and www.clarkeinc.com.

About Clarke

Halifax-based Clarke is an investment and real estate company with holdings in a diversified group of businesses and across real estate sectors. Clarke's common shares trade on the Toronto Stock Exchange (CKI); 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, 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.