

Clarke Inc. Reports 2020 First Quarter Results

Halifax, Nova Scotia – May 15, 2020 – Clarke Inc. (“Clarke” or the “Company”) (TSX: CKI, CKI.DB) today announced its results for the three months ended March 31, 2020.

COVID-19

The spread of COVID-19 during the first quarter, consumer and business perceptions of the danger of COVID-19 and Canadian and provincial government responses to COVID-19 affected Clarke materially and adversely. Oil prices collapsed, impacting oil and gas producer capex budgets and, therefore, Trican Well Service Ltd. (“Trican”). Business and leisure travel collapsed, impacting Holloway Lodging Corporation (“Holloway”). And even day-to-day commuting and travel collapsed, which will impact Clarke’s ferry business when the season begins during the second quarter.

At some point, business lockdowns and travel bans will be lifted, economic activity will resume, and our businesses will recover. But, when this occurs and how long it takes for business levels to normalize remain highly uncertain. In mid-March, as the impact of COVID-19 on business levels became apparent, we took immediate and drastic action at our businesses to safeguard employee and customer safety, ensure financial liquidity, reduce and/or defer expenses and minimize cash burn. We expect to generate negative cash flow at Holloway, and our ferry business until the economy “opens up” again. But, we believe the impact of COVID-19 will be temporary. The world will need energy once again, a large portion of this will be provided from oil or natural gas and Trican will be best positioned in Canada to help oil and gas producers complete their wells. People will still want or need to travel, and Holloway will accommodate guests. And cars, trucks and passengers will need to cross the St. Lawrence River and our ferry operation will remain the fastest way of doing so.

First Quarter Results

The net loss attributable to equity holders of the Company for the three months ended March 31, 2020 was \$53.1 million compared to net income of \$37.4 million for the same period in 2019. During the three months ended March 31, 2020, the Company had unrealized losses on its investments of \$65.0 million compared to unrealized gains of \$4.0 million for the same period in 2019. The Company had realized gains on its investments of \$29.0 million for the three months ended March 31, 2020 compared with realized gains of \$12.5 million for the same period in 2019.

During the first quarter of 2020, the Company’s book value per Common Share decreased by \$6.99 or 46.4%. The decrease can primarily be ascribed to (i) the distribution to shareholders of the Company’s shares of TerraVest Industries Inc. with a value at the time of distribution of \$3.58 per Common Share, (ii) an impairment for accounting purposes of the value of certain hotels owned by Holloway in the amount of \$1.13 per Common Share, (iii) net unrealized and realized losses on our marketable securities of \$2.17 per Common Share, and (iv) a decrease in the value of our pension plan surplus in an amount of \$0.18 per Common Share. Our book value per Common Share at the end of the first quarter was \$8.07 while our Common Share price was \$5.25.

Additional commentary on our first quarter results and COVID-19 related issues can be found in our Management’s Discussion & Analysis for the three months ended March 31, 2020.

Highlights of the interim condensed consolidated financial statements for the three months ended March 31, 2020 compared to the three months ended March 31, 2019 are as follows:

<i>(in millions, except per share amounts)</i>	Three months ended March 31, 2020	Three months ended March 31, 2019
	\$	\$
Hotel and management services	13.8	15.8
Provision of services	0.2	0.2
Bargain purchase	—	22.4
Investment and other income (loss)*	(54.5)	17.3
Net income (loss) attributable to equity holders of the Company	(53.1)	37.4
Comprehensive income (loss) attributable to equity holders of the Company	(54.8)	36.6
Basic earnings (loss) per share (“EPS”)	(3.26)	3.06
Diluted EPS	(3.26)	3.04
Total assets	281.0	442.1
Long-term financial liabilities	98.9	59.5
Book value per share	8.07	15.23

*Investment and other income (loss) include unrealized/realized gains/losses on investments, hotel revaluations, dividend and interest income, pension recovery, insurance proceeds, losses on disposal of assets, and foreign exchange gains/losses.

Other Information

Further information about Clarke, including Clarke’s Interim Condensed Consolidated Financial Statements and Management’s Discussion & Analysis for the three months ended March 31, 2020, is available at www.sedar.com and www.clarkeinc.com.

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. 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

This press release makes reference to the Company’s book value per share as a measure of the performance of the Company as a whole. Book value per share is measured by dividing shareholders’ equity attributable to equity holders of the Company at the date of the statement of financial position by the number of Common Shares outstanding at that date. Clarke’s method of determining this amount may differ from other companies’ methods and, accordingly, this amount may not be comparable to measures used by other companies. This amount is not a performance measure as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

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 in the Company’s energy basket, 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 a ferry operation, such risks and uncertainties include, among others, weather conditions, safety, claims and insurance, 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 Michael Rapps, President and CEO, at (416) 855-1925 or Stephen Cyr, CFO, at (902) 442-3415.