

Clarke Inc. Reports 2022 Fourth Quarter and Year End Results

HALIFAX, NS, March 8, 2023 /CNW/ - Clarke Inc. ("Clarke" or the "Company") (TSX: CKI) (TSX: CKI.DB) today announced its results for the three months and year ended December 31, 2022.

Results for the Year Ended December 31, 2022

Net income for the year ended December 31, 2022 was \$3.2 million compared to \$16.4 million in 2021.

The Company's operating businesses were significantly more profitable in 2022 compared to 2021 – in particular, the Company's hotels. Hotel revenue for the year ended December 31, 2022 was \$54.7 million compared to \$32.0 million in 2021. The hospitality segment's net income before taxes was \$9.2 million for the year ended December 31, 2022 compared to \$1.4 million in 2021. The improved results are due to the general recovery of the tourism and hotel industries from the COVID-19 pandemic and the acquisition of one hotel in the year.

While net income for the year ended December 31, 2022 was fueled primarily by the Company's operating businesses, in 2021, net income was primarily driven by \$22.3 million of net gains on the Company's marketable securities. In 2022, these gains were insignificant due to the significant liquidation of the Company's marketable securities in 2021.

Comprehensive income for the year ended December 2022 was \$10.1 million compared to \$45.5 million in 2021. In addition to the impact of the marketable securities gains in 2021, the subdued comprehensive income in the year compared to 2021 is attributable mainly to the non-cash reduction relating to the accounting treatment of the asset ceiling on the Company's accrued pension assets – primarily due to an increase in the estimated discount rate.

During 2022, the Company's book value per common share¹ increased by \$0.80, or 6%. The increase is primarily due to (i) hotel net operating income of \$20.8 million, or \$1.45 per common share, (ii) the tax-effected increase of our accrued pension assets of \$16.5 million, or \$1.14 per common share, and (iii) the after-tax impact of fair value adjustments to our property and equipment, net of depreciation recorded in the year of \$18.1 million, or \$1.26 per common share, offset by (iv) the non-cash reduction relating to the accounting treatment of the asset ceiling on our accrued pension assets, net of tax, of \$34.1 million, or \$2.36 per common share, and (v) interest and accretion of \$6.5 million, or \$0.45 per common share.

Clarke's basic earnings per share ("EPS") and diluted EPS for the year ended December 31, 2022 was \$0.23, compared to basic EPS of \$1.12 and diluted EPS of \$0.96 for the year ended December 31, 2021.

Our book value per common share at the end of the year was \$15.28 while our common share price was \$12.48.

Results for the Fourth Quarter 2022

The Company had net income of \$1.3 million in the fourth quarter of 2022 compared to \$5.8 million in the same period in 2021. Net realized and unrealized gains on investments for the fourth quarter of 2022 were \$0.1 million compared to \$5.1 million for the same period in 2021. The gains on the Company's marketable securities held in 2021 are primarily why net income in the fourth quarter of 2021 outpaced 2022 despite the significant rebound in hotel operations.

Comprehensive income for the fourth quarter was \$20.4 million compared to \$7.4 million for the

same period in 2021. The primary driver of the increase was the revaluation of hotels due to their recovery and improved outlook.

For the three months ended December 31, 2022, Clarke's basic and diluted EPS was \$0.10, compared to basic EPS of \$0.40 and diluted EPS of \$0.36 for the same period in 2021.

Additional commentary on our results can be found in our Management's Discussion & Analysis for the year ended December 31, 2022.

Highlights of the consolidated financial statements for the three months and year ended December 31, 2022 compared to the three months and year ended December 31, 2021 are as follows:

<i>(in millions, except per share amounts)</i>	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
	\$	\$	\$	\$
Hotel revenue	15.2	9.3	54.7	32.0
Provision of services	2.9	3.5	9.7	9.4
Investment and other income*	1.5	7.7	2.8	24.6
Net income	1.3	5.8	3.2	16.4
Comprehensive income	20.4	7.4	10.1	45.5
Basic EPS	0.10	0.40	0.23	1.12
Diluted EPS	0.10	0.36	0.23	0.96
Total assets	416.1	384.6	416.1	384.6
Total liabilities	201.2	176.0	201.2	176.0
Long-term financial liabilities	62.7	107.2	62.7	107.2
Book value per share	15.28	14.48	15.28	14.48

* 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.

¹Book 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 December 31, 2022 MD&A for more information.

Other Information

Further information about Clarke, including Clarke's Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2022, 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 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.

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View original content: <http://www.newswire.ca/en/releases/archive/March2023/08/c1754.html>

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CO: Clarke Inc.

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