FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Clarke Inc. ("**Clarke**" or the "**Company**")
145 Hobsons Lake Drive, Suite 106
Halifax, NS
B3S 0H9

2. Date of Material Change

June 28, 2023

3. News Release

A news release with respect to the material change was disseminated by the Company on June 28, 2023 through Cision and subsequently filed under the Company's profile on SEDAR at www.sedar.com.

4. Summary of Material Change

On June 28, 2023, Clarke announced that it has delivered notice to Computershare Trust Company of Canada (the "**Debenture Trustee**"), as trustee under the trust indenture between Clarke and the Debenture Trustee dated September 30, 2019, as supplemented by the first supplemental indenture dated September 30, 2021 (together, the "**Indenture**") of Clarke's intention to redeem on July 28, 2023 (the "**Redemption Date**") the entire aggregate principal amount of $35,000,000 of the Company's outstanding 5.50% Series B convertible unsecured subordinated debentures due January 1, 2028 (the "**Debentures**") in accordance with the terms of the Debentures (the "**Redemption**"). The Debentures are listed for trading on the Toronto Stock Exchange under the symbol CKI.DB.

In connection with redemption of the Debentures, the Company has entered into a credit facility (the "**Credit Facility**") with the Company's controlling shareholder, G2S2 Capital Inc. ("**G2S2**").

5. Full Description of Material Change

5.1 Full Description of Material Change

On June 28, 2023, Clarke announced that it has delivered notice to the Debenture Trustee under the Indenture of Clarke's intention to complete the Redemption effective as of the Redemption Date. The Debentures will be redeemed on the Redemption Date for an aggregate redemption amount of $1,013 for each $1,000 principal amount of Debentures, being equal to the aggregate of (i) $1,000 principal amount of Debentures, plus (ii) all accrued and unpaid interest thereon to, but excluding, the Redemption Date (the "**Redemption Price**").

In connection with redemption of the Debentures, the Company has entered into the Credit Facility with the Company's controlling shareholder, G2S2. The principal amount outstanding from time to time under the Credit Facility bears interest at 6.00% per annum and requires payment of interest only (and not principal) until January 1, 2028, following which the Credit Facility will continue as a revolving line of credit on demand. The interest-only period aligns with the current maturity date of the Debentures, ensuring that the Company will maintain the liquidity requirements that the Debentures provided.

Clarke will satisfy its obligation to pay to the holders of Debentures the Redemption Price in cash through a drawdown of funds under the Credit Facility.

G2S2 is a "related party" of the Company within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because G2S2 is a control person of the Company. The entering into of the Credit Agreement constitutes a "related party transaction" within the meaning of MI 61-101. The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

The Company has entered into the Credit Facility with G2S2 pursuant to which G2S2 has agreed to lend up to $35,000,000 to the Company, which will be used to fund the Redemption. The principal amount outstanding from time to time under the Credit Facility bears interest at 6.00% per annum and requires payment of interest only (and not principal) until January 1, 2028, following which the Credit Facility will continue as a revolving line of credit on demand.

(b) the purpose and business reasons for the transaction:

The Credit Facility will allow the Company to redeem the Debentures in advance of their 2028 due date to provide greater certainty of capital beyond the current 2028 maturity date and simplify the Company's borrowings. It will also benefit the holders of the Debentures as their holdings will be redeemed at par compared to the discount at which the Debentures are currently trading.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

See item (b) above.

(d) a description of:

> **(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**
>
> G2S2 is the lender under the Credit Facility and will receive interest payments from the Company for funds borrowed under the Credit Facility. George Armoyan, Chairman of the Company, controls G2S2 together with his associates.
>
> **(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**
>
> The Credit Facility is not convertible into common shares or other voting or equity securities of the Company. Accordingly, there will be no change in the percentage of securities of the Company beneficially owned or controlled by G2S2.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors

and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The independent directors of the Company met to consider the proposed Credit Facility and Redemption, and received advice from legal counsel and the Company's management regarding the benefits and risks of the proposal. George Armoyan, the Chairman of the Company and, together with his associates, the controlling shareholder of G2S2, declared his interest in the Credit Facility and recused himself from deliberations of the independent members of the board of directors regarding the Credit Facility and the Redemption.

The independent directors, after receiving advice from legal counsel and management, have determined that the redemption of the Debentures and the execution of the Credit Facility will result in a favorable outcome to the Company and its shareholders. The Credit Facility will provide greater certainty of capital beyond the current 2028 maturity date and simplify the Company's borrowings. The holders of the Debentures will also benefit as their holdings will be redeemed at par compared to the discount at which the Debentures are currently trading.

A resolution of the board of directors (excluding Mr. Armoyan) was passed on June 28, 2023 approving the Credit Facility and the Redemption. No materially contrary view or abstention was expressed or made by any director.

(f) a summary, in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction

Not applicable.

(g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction (i) that has been made in the 24 months before the date of the material change report, and (ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction, and

The Credit Facility provides borrowing availability of up to $35,000,000 to the Company. The principal amount outstanding from time to time under the Credit Facility bears interest at 6.00% per annum and requires payment of interest only (and not principal) until January 1, 2028, following which the Credit Facility will continue as a revolving line of credit on demand.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions:

G2S2 is a "related party" of the Company, as defined in MI 61-101 and the entering into of the Credit Facility by the Corporation constitutes a "related party transaction" under MI 61-101. The entering into of the Credit Facility by the Corporation (i) is not subject to the formal valuation requirement in section 5.4 of MI 61-101 because the Credit Facility does not fall within paragraphs (a) to (g) of the definition of "related party transaction" in MI 61-101, and (ii) is exempt from the minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(1)(a) of MI 61-101 because the aggregate principal amount of the Credit Facility does not exceed 25% of the Company's market capitalization, calculated in accordance with MI 61-101.

The Company did not file a material change report in respect of the related party transaction at least 21 days before the entering into of the Credit Facility and the closing of the Redemption, which the Company deems reasonable in the circumstances in order to complete the transactions in an expeditious manner.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information, please contact:

Tom Casey
Chief Financial Officer
(902)-420-6446.

9. Date of Report

July 7, 2023.