Clarke Inc. Reports 2017 Fourth Quarter and Year End Results

Halifax, Nova Scotia – February 13, 2018 – Clarke Inc. ("Clarke" or the "Company") (TSX: CKI) today announced its results for the three months and year ended December 31, 2017.

Results for the Year Ended December 31, 2017

Net income of the Company for the year ended December 31, 2017 was $3.5 million compared with net income of $25.4 million in 2016. Net realized and unrealized gains on investments during 2017 were $3.2 million compared to $20.0 million in 2016. The Company's equity holdings generated dividends of $3.6 million in the year ended December 31, 2017 compared to $3.5 million in 2016. The Company's debt and cash holdings generated interest income of $0.8 million in the year ended December 31, 2017 compared to $1.7 million in 2016. This decrease is due to the sale of debentures.

Results for the Fourth Quarter 2017

Net realized and unrealized gains on investments for the fourth quarter of 2017 were $1.1 million compared to $9.5 million for the same period in 2016. Interest income for the fourth quarter of 2017 was $0.1 million compared to $0.3 million for the same period in 2016 mainly due to the sale of debentures in 2017. General and administrative expenses during the fourth quarter of 2017 were $0.4 million lower than expenses during the same period in 2016. The Company had a net loss of $0.6 million in the fourth quarter of 2017 compared to net income of $9.4 million in the same period in 2016. This was largely driven by the decrease in unrealized gains on investments during the period compared to the same period in the prior year. Comprehensive income for the fourth quarter was $10.9 million compared to $11.0 million for the same period in 2016.

For the three months ended December 31, 2017, Clarke's basic earnings per share ("EPS") was negative $0.04, compared to earnings of $0.64 for the same period in 2016.

Full Year Review and Outlook

During 2017, the Company's book value per share decreased by $0.90 or 7.8%. The decrease can be ascribed mainly to (i) $0.24 per Clarke common share ("Common Share") of positive investment performance and net income, (ii) a positive $0.85 per Common Share resulting from the recognition of additional surplus in one of our pension plans, and (iii) the payment of a $2.00 per Common Share special dividend. Our book value per Common Share at the end of the year was $10.71 while our Common Share price was $10.45.

During 2017 we received aggregate distributions from our pension plans of $33.4 million. Following the wind-up of Clarke's Nova Scotia pension plan in the third quarter, Clarke received a distribution of this pension plan's surplus in the amount of $29.6 million. More than $20.0 million of this distribution was received in cash while approximately $7.3 million is expected to be received following the filing of Clarke's year-end tax return. In the fourth quarter, Clarke received a $3.8 million pre-tax distribution of surplus from its Quebec pension plan following amendments to the surplus withdrawal rules under the Quebec Supplemental Pension Plans Act. As a result of the new legislation, the Company expects to withdraw on an annual basis up to 20% of the surplus in its Quebec pension plan in excess of a 105% solvency ratio. We expect the next distribution from this pension plan to occur in the first quarter of 2018. These distributions are not included in our net income.

At the end of the fourth quarter, Clarke commenced a substantial issuer bid for its Common Shares. Subsequent to year-end, Clarke repurchased under this substantial issuer bid 1,851,579 Common Shares or 12.7% of the outstanding Common Shares for an aggregate purchase price of $19.4 million. The special dividend, normal course share repurchases and substantial issuer bid resulted in Clarke returning $51.5 million to shareholders since the start of 2017.

We continue to believe that our two core holdings remain undervalued. Holloway Lodging Corp. ("Holloway") has seen business levels improve modestly in Western Canada and is performing well throughout the rest of Canada. The company's debt refinancing in May 2017 materially reduced the company's debt service. Since the third quarter of 2017, Holloway has ramped up its share repurchases which we believe are being completed at attractive prices. TerraVest Capital Inc. ("Terravest") has also seen its business levels improve modestly as a result of improved energy prices. Terravest completed several acquisitions in recent quarters and we do not believe the full benefits of these acquisitions have been realized. We believe that Terravest can further optimize its operations and drive additional EBITDA and free cash flow growth, which should cause its valuation to improve further.

During the year, we fully disposed of an energy basket debt security, which resulted in a total return of $2.9 million and an IRR of 30%. We also began to sell one energy basket equity security but have not fully disposed of this investment. Our two other remaining energy basket securities remain in a loss position but remain undervalued in our view.

It remains challenging to find investments that meet our investment criteria. While some investors may choose to alter their investment strategies or dilute their investment criteria at times like these, we are not going to do so. We understand the source of our returns over time and it is largely from investments made at times of market or industry dislocation or from company-specific challenges that we believe we can help rectify. Accordingly, our bias is to continue returning capital to shareholders until such time as more attractive opportunities present themselves.

Other Information

Further information about Clarke, including Clarke's Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2017, is available at www.sedar.com and www.clarkeinc.com.

Highlights of the consolidated financial statements for the three months and year ended December 31, 2017 compared to the three months and year ended December 31, 2016 are as follows:

(in millions, except per share amounts)	**Three months ended December 31, 2017 $**	Three months ended December 31, 2016 $	**Year ended December 31, 2017 $**	Year ended December 31, 2016 $
Realized and unrealized gains on investments	**1.1**	9.5	**3.2**	20.2
Dividend income	**0.9**	0.9	**3.6**	3.5
Interest income	**0.1**	0.3	**0.8**	1.7
Revenue and other income*	**0.8**	1.4	**5.2**	7.3
Net income (loss)	**(0.6)**	9.4	**3.5**	25.4
Comprehensive income	**10.9**	11.0	**15.9**	22.9
Basic and diluted EPS	**(0.04)**	0.64	**0.24**	1.66
Total assets	**160.6**	177.8	**160.6**	177.8
Long-term financial liabilities	**0.4**	1.1	**0.4**	1.1
Cash dividends declared per share	**—**	—	**2.00**	2.20
Book value per share	**10.71**	11.61	**10.71**	11.61

**Revenue and other income includes pension expense/recovery, gains on sale of fixed assets, foreign exchange gains/losses, and service revenue.*

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); 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 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.