



Quinsam Reports Q2/2020 Results

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Toronto, Ontario, August 20, 2020 – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) wishes to announce its Q2/2020 results, with net income of \$2.4 million (\$0.02 per share basic, \$0.02 fully diluted) versus a net loss of \$2.7 million (\$0.02 per share basic, \$0.02 fully diluted) in Q2/2019. Investors can access the Company’s full financial statements on [sedar.com](https://www.sedar.com).

“At June 30, 2020, we had net assets of approximately \$0.29 per share outstanding” said Roger Dent, CEO of Quinsam. “After several quarters of difficult market conditions, we are pleased to report a return to profitable operations.”

The COVID-19 situation led to a very difficult Q1, which set the stage for a strong rebound in our publicly-traded investments in Q2. We saw some strong performances by CityView Green, IM Cannabis, Sixth Wave and Pharmadrug, among others. We took advantage of the strength to exit Sixth Wave, IM Cannabis, Pharmadrug and a number of small holdings.

Quinsam is pleased with the progress made by two of its largest investments, City View Green and Budd Hutt. CityView Green has secured a new management team and we understand it is now making good progress on its edibles business plan. Budd Hutt has received approval to commence operations from the Alberta Liquor and Gaming Commission and store openings are expected to begin in the coming weeks.

Several of Quinsam’s investee companies have announced liquidity plans including Eden Empire, Molecule and Embark, all of which have announced RTO transactions and are expected to trade in 2020. We believe that additional liquidity transactions are likely to be announced later in 2020. In Quinsam’s non-cannabis portfolio, we have seen a strong performance by Newlox Gold, which moved from \$0.04 at the end of Q1 and \$0.055 at the end of Q2 to a recent trading level of \$0.17. Quinsam’s private e-sports betting investment, PMML, completed a \$3 million investment round at a premium of approximately 50% to our previous carrying value, which will be reflected in our Q3 results. PMML currently plans a public listing in early 2021.

In recent months we have made a number of smaller follow-on investments in some of our existing issuers including Pharmadrug debentures, Nutritional High mortgage debentures and additional loans to Budd Hutt. Otherwise we have applied sale proceeds to our issuer bid, dividends, expenses including taxes and increasing our net cash balance.

In recent months, Quinsam has taken a number of steps to reduce operating expenses, including termination of its market maker, the reduction of the board from 7 to 4 members and the elimination of the president position. “Quinsam has always maintained a low cost base. We were early adopters of the “virtual office” model and do not employ any conventional support staff. Following our cost reductions, our annual basic cash costs should now be under 2% of net assets, which we believe is very reasonable for a publicly-traded specialty investment vehicle” said Roger Dent.

Director Resignation

Adam Szweras has resigned as a director of the Company effective August 20, 2020. “Adam has provided the Company with excellent advice over his tenure as a director” said Roger Dent. “We look forward to continuing to work with Adam as a trusted source of expertise and business opportunities in the future.”

Issuer Bid Update

Quinsam announced a normal course issuer bid to purchase up to 5,733,635 of its common shares (the “Bid”) in August 2019.

In the quarter ending June 30, 2020, Quinsam repurchased and cancelled 2,233,635 shares pursuant to the Bid, bringing total repurchases pursuant to the Bid since August 28, 2019 to 5,733,635 shares. The shares were purchased at a large discount to NAV and the repurchases had a positive impact on NAV per share for remaining shareholders.

Last month, Quinsam announced an issuer bid to purchase up to 5,446,952 of its common shares (the “New Bid”). The Company commenced the New Bid because it believes that the current market price of its common shares may not fully reflect the underlying value of the Company’s business and future prospects. The Company believes that the repurchase of its common shares for cancellation is in the best interests of its shareholders because the New Bid will increase the respective proportionate shareholdings and equity interests of all remaining shareholders. The Company will commence the New Bid on August 28, 2020. The New Bid will terminate on August 27, 2021, or on an earlier date in the event that the number of common shares sought in the Bid has been repurchased. The Company reserves the right to terminate the Bid earlier if it feels that it is appropriate to do so. All common shares will be purchased on the open market through the facilities of the Canadian Securities Exchange (“CSE”), and payment for the common shares will be made in accordance with CSE policies. The price paid for the common shares will be the prevailing market price at the time of purchase. Purchases may be suspended at any

time, and no purchases will be made other than by means of open market transactions during the term of the New Bid. The Company has engaged M Partners to act as the broker through which the New Bid will be conducted.

About Quinsam Capital Corporation

Quinsam is a merchant bank based in Canada with a focus on “small cap” investments. Our merchant banking business may encompass a range of activities including acquisitions, advisory services, lending activities and portfolio investments. Quinsam invests its capital for its own account in assets, companies or projects which we believe are undervalued and where we see a viable plan for unlocking such value. We do not invest on behalf of any third party and we do not offer investment advice.

Generally, Quinsam does not believe that individual investments are material reportable events. Quinsam may choose to announce certain investments once the company is certain that it has finished buying its position because the Company feels that this information helps Quinsam’s investors understand its investment decision making process. Generally, Quinsam does not announce the sale of investments.

For further information please contact:

Roger Dent, CEO
(647) 993-5475
roger@quinsamcapital.com

This press release may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events, which are inherently uncertain. Forward-looking statements can often, but not always, be identified by forward-looking words such as “anticipate”, “believe”, “continue”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may”, “project”, “predict”, “potential”, “target”, and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) Quinsam will have sufficient capital under management to effect its business strategies, (ii) the business strategies will produce the results intended by Quinsam, and (iii) the markets will react and perform in a manner consistent with the business strategies.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors that

could cause actual results to differ materially from those expressed in forward-looking information expressed in this press release include, but are not limited to: cannabis companies Quinsam has invested in obtaining and maintaining regulatory approvals including acquiring and renewing U.S. state, local or other licenses, and the uncertainty of existing protection from U.S. federal or other prosecution; regulatory or political change such as changes in applicable laws and regulations, including U.S. state-law legalization; market and general economic conditions of the cannabis sector or otherwise, interest rates, regulatory and statutory developments, the nature of the Company's investments, the available opportunities and competition for investments, the concentration of the Company's investments in certain industries and sectors, reliance on key personnel, risks affecting the Company's investments, management of the growth of the Company, and exchange rate fluctuations. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

The forward-looking information contained herein is provided as at the date of this press release, based upon the opinions and estimates of management and information available to management as at the date of this press release. The Company does not undertake and specifically disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable law. Readers are cautioned not to place undue reliance on forward-looking information contained in this press release.