



## **Quinsam Reports Strong Q1/2019 Results and Provides Corporate Update**

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**Toronto, Ontario, May 27, 2019** – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) is pleased to announce strong Q1/2019 results, with net income of \$3.7 million (\$0.03 per share basic, \$0.03 fully diluted) versus net income of \$7.1 million (\$0.07 per share basic, \$0.05 fully diluted) in Q1/2018.

“With a pretax return on assets of over 10%, Quinsam had a very solid first quarter” said Roger Dent, CEO of Quinsam. “EPS was down from last year’s Q1, which was a truly exceptional quarter. Also, since last year we have used up our tax losses so income tax expense has become a material factor.”

“At March 31, 2019, we had net assets of approximately \$0.40 per share outstanding (\$0.425 before deferred taxes)” said Roger Dent.

Important contributors to our Q1 performance include Cannabis One Holdings, Westleaf, Sproutly, Halo Labs, Eve & Co. and C21 Investments, all of which had large gains in the quarter.

“We remain optimistic about the outlook for the cannabis sector, both in Canada and internationally. We continue to see a large number of interesting pre-public cannabis investment opportunities. Given overall equity market volatility, we are trying to control our risk by structuring our investments including a debt instrument where possible” said Roger Dent.

Investors can access the company’s full financial statements on [sedar.com](http://sedar.com).

### **Recent Activity**

Since our last report, Quinsam has made a number of new investments.

We extended a \$1.1 million loan to Budd Butt, a western-Canada focused cannabis retail applicant. The one-year loan bears interest at 10% and also provided Quinsam with 2.5 million shares of Budd Hutt at nominal cost.

The company has purchased \$500,000 of convertible debenture units to be issued by Inner Spirit Holdings, another Canadian retail cannabis operation. The issuer is listing both the debentures and the warrant included in this unit, which we view as being attractive.

We invested \$330,000 in convertible debentures issued by Eden Empire, another western-Canada focused cannabis retail operation. We expect a public listing by the issuer in 2019.

We purchased US\$300,000 of convertible debentures issued by Cannus Partners (dba Ikanik Farms), a California-focused cannabis company. We expect a listing by this issuer in 2019.

We were presented with an opportunity to acquire privately a block of shares of Nutritional High shares related to a prior acquisition by Nutritional High. We acquired approximately 3 million shares in the transaction at an attractive price.

We made a number of divestitures in Q1/2019 as part of our ongoing portfolio management activity. Holding reductions included Zenabis, Halo Labs and Sproutly. Also, Quinsam has sold its position in Acreage Holdings over the course of Q1 and Q2. We were of the view that the announced acquisition by Canopy Growth largely capped our upside while at the same time exposing us to risk if an overall market or sector correction occurred. Our portfolio changes can be determined by reviewing our quarterly MD&A, which includes comprehensive portfolio disclosure.

## **Portfolio Developments**

There have been a number of notable recent developments in the Quinsam's portfolio companies. Osoyoos Cannabis, in which we were an early investor, has announced a merger with Anahit International, a company with operations in Colombia, Jamaica, Canada and Greece. Osoyoos is halted while the merger is being completed. We are optimistic that the new company will trade at a level that is higher than the pre-halt share price.

The acquisition of Vegas Valley by Ionic Brands is nearly complete. While this was a small investment for Quinsam, at the present Ionic share price we are poised to see a gain in the 50% area after a holding of just two or three months.

One of the company's larger investments, FLRish Inc. (dba Harborside) is expected to begin trading in the coming days. At the end of Q1/2019, Quinsam held a little over 300,000 shares of Harborside marked at a valuation of C\$5.55 per share. Quinsam also holds a \$250,000 debenture position that will convert on the listing at a price of C\$6.30 per share.

We invested in GreenTree International (dba Amercanex) last year. A proposal for the acquisition of this company by Helix TCS has been made, although terms are not yet finalized. We see the acquisition as a positive development although it is not expected at this time to have a material impact on our overall asset value.

## **Issuer Bid**

The Company previously announced an issuer bid to acquire up to 5,928,951 common shares. The company was in blackout throughout Q1 so no shares were repurchased during the period. Quinsam currently intends to reactivate activity under the issuer bid following this release.

## **About Quinsam Capital Corporation**

Quinsam is a merchant bank based in Canada that is focusing on cannabis-related 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 chooses 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.

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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.