



Quinsam Reports Q1/2020 Results

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Toronto, Ontario, May 19, 2020 – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) wishes to announce its Q1/2020 results, with a net loss of \$2.6 million (\$0.02 per share basic, \$0.02 fully diluted) versus net income of \$3.7 million (\$0.03 per share basic, \$0.03 fully diluted) in Q1/2019. Investors can access the Company’s full financial statements on sedar.com.

“At March 31, 2020, we had net assets of approximately \$0.26 per share outstanding” said Roger Dent, CEO of Quinsam. “Even though our NAV declined in Q1 due to negative conditions in markets generally and in the cannabis space, our trading price is at an extremely large discount to our underlying asset value.”

Quinsam notes that the cannabis sector generally had very negative performance in Q1/2020. For example, the Horizon Marijuana Life Sciences Index ETF NAV fell by approximately 32% in the quarter. Quinsam’s NAV once again strongly outperformed the index. Portfolio selection, as well as our focus on convertible debenture, debt and private company investments, helped to shelter Quinsam from some of the negative environment. “It goes without saying that losing money is never a good outcome. However, we take solace in the fact that our NAV performance after all expenses was well above levels generated by the ETF” said Roger Dent.

We note that a number of our convertible debentures are carried at below face value, even though we expect to ultimately recover our full investment. For some of our unlisted debentures, this occurs because of Black-Scholes valuations of the conversion features while some of our listed debentures, which tend to be thinly traded, have quotes that are below face value at the present time.

Commentary

In Q1/2020, market conditions were among the worst ever seen in global capital markets. The cannabis sector and Quinsam’s investments declined as a result. As the COVID crisis progressed, it was generally reported that there was increasing consumer interest in cannabis products. Also, in Canada, there has been general progress in the rollout of edible products and retail locations. As a result of these factors and a general improvement in market conditions, Quinsam has seen some improvement in our investment portfolio

since March 31, 2020. Obviously, overall market conditions remain very volatile and unsettled and the cannabis market has been under general pressure for a number of quarters. That being said, Quinsam is hopeful that the cannabis sector may finally be turning the corner.

Our strategy of investing to a material degree in convertible debentures is proving to be fortunate. The declines in value in our convertible debentures have been less severe than would have been the case had we invested in common shares.

We have not been highly active on the new investment front in recent months. As we exit existing investments, in light of current cannabis market conditions, Quinsam may choose to look at investments outside the cannabis sector going forward.

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. The Bid commenced on August 28, 2019 and will terminate on August 27, 2020, 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.

In the quarter ending March 31, 2020, Quinsam repurchased and cancelled no shares pursuant to the Bid. Our total repurchases pursuant to the Bid since August 28, 2019 are 3,500,000 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.

About Quinsam Capital Corporation

Quinsam is a merchant bank based in Canada with a focus on cannabis-related investments. Quinsam also invests in non-cannabis related enterprises. 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.

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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.