



Quinsam Reports Q4/2022 Results and Announces Value Creation Strategy

NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION BY ANY UNITED STATES NEWS DISTRIBUTION SERVICE

Toronto, Ontario, April 28, 2023 – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) is announcing its Q4/2022 results, with a net loss of \$6.9 million (\$0.07 per share basic, \$0.07 fully diluted) versus a loss of \$4.6 million (\$0.05 per share basic, \$0.05 fully diluted) in Q4/2021. Investors can access the Company’s full financial statements on [sedar.com](https://www.sedar.com).

“At December 31, 2022, we had net assets of approximately \$0.14 per share outstanding” said Roger Dent, CEO. “Our shares continue to trade at a very steep discount from NAV.”

The market for both small cap companies and for companies engaged in the cannabis business has been very difficult during recent quarters. Investors’ appetite for new investment in these sectors has been very limited. This environment has impacted the values of many of our listed investments and has created a negative context for the valuation of our unlisted investments.

A key factor in our results was carrying value adjustments made to a number of our private company investments pursuant to IFRS accounting standards. IFRS standards require all assets to be carried at “fair value” and the determination of the fair value of private company investments during periods of public market volatility can be challenging. This is particularly the case with our legacy cannabis investments. Accordingly, Quinsam has decided to fully write off a number of these investments, even though we are hopeful that we will see recoveries from these companies in the fullness of time. Companies where we have elected to take full write offs include Asterion, Ikanik, Evio, King & Pegahmagabow, Budd Hutt, Plantext, Phytopharma, Green Stripe and New Hope.

We made adjustments to carrying values totalling \$6.4 million (including accrued interest in some cases) in Q4/2022. “We are hopeful that some of these provisions may prove in the fullness of time to have been unnecessary. However, given current small cap market conditions we believe that these provisions were appropriate.”

While Q4 results were dominated by these adjustments, we did see one legacy investment make excellent progress. A-Synaptic (formerly named Gefion), in which we invested

\$360,000 at \$0.60 per share in 2018, has recently completed a financing at US\$3 per share and is planning a listing later this year. A-Synaptic is focused on the prescriptive medicine market with its first product about to enter physician-led NDA trials for a transdermal replacement for Jaxx Pharma's orally delivered CBD product called Epidiolex. Epidiolex is a highly successful epilepsy treatment that has serious side effects which A-Synaptic believes will be avoided with its transdermal treatment.

In Q4/2022, the Company also recorded a tax recovery of \$0.6 million based on the estimated cash tax to be recovered from tax loss carry backs.

Value Creation Strategy

Quinsam shares have traded at a discount to NAV in recent years. In an effort to secure a valuation for our shares that is at NAV or perhaps at a premium to NAV, Quinsam is embarking on a strategy to realize our underlying economic value.

In current capital markets, capital is very scarce for small cap companies. If Quinsam is able to convert its portfolio to liquid assets, Quinsam believes that it may be able to secure a valuation in excess of NAV as part of a merger or reverse takeover with a private company.

Accordingly, Quinsam intends to commence an effort to exit its illiquid investments and look for transactions that have the potential to create significant shareholder value. Quinsam believes that it is prudent to exit its illiquid investments in a patient and careful way. Accordingly, this process will likely take in excess of one year. It is a goal to continue to try to grow NAV while this process is underway through investment in liquid vehicles.

The search for a value creating transaction has begun. We anticipate that it may take some time to find a suitable, value creating transaction. Further announcements will be made on the status of such steps which are subject to all applicable shareholder and regulatory approvals.

Issuer Bid

In Q4/2022, Quinsam acquired no shares pursuant to its issuer bid to acquire up to 4,916,605 shares that commenced on September 6, 2022 and will terminate on September 5, 2023. To date, the Company has acquired 516,000 shares pursuant to this issuer bid.

Dividend

Given Quinsam's value creation strategy, the Company believes that it is in the best interests of shareholders to return capital to its shareholders through an issuer bid at this time. Share repurchases at less than NAV are accretive to NAV per share and should

result in improved per share returns if the value creation strategy can be executed successfully. Accordingly, dividends are suspended at this time and will be re-evaluated as the value creation strategy progresses.

Investor Call

An investor call will be held at 9:00 a.m. Eastern time on Monday, May 1, 2023 by Zoom:

<https://us02web.zoom.us/j/81697248129?pwd=MFItcFdHdnJnTG5RMGJvRDlqMjRGZz09>

Meeting ID: 816 9724 8129

Passcode: 546933

About Quinsam Capital Corporation

Quinsam is a merchant bank with a focus on “small cap” investments which it believes are undervalued. We do not invest on behalf of third parties or offer investment advice.

Generally, Quinsam does not believe that individual investments are material events. Quinsam may choose to announce certain investments once the company has finished buying its position because we feel that this information helps investors understand our decision making process. Generally, Quinsam does not announce the sale of investments.

For further information 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 making assumptions which include, among other things, that (i) Quinsam will have sufficient capital 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. Quinsam 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 risks and other factors that could cause actual results to differ materially from those expressed in forward-looking information 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 our investments in certain industries and sectors, reliance on key personnel, risks affecting investments, management of the growth of the Company, and exchange rate fluctuations and, in the case of the valuation creation strategies, the ability to complete divestitures of illiquid assets on terms which are economic or at all, to identify beneficial business opportunities, to secure or act on the identified business opportunities on terms which are economic or at all, and obtain all necessary shareholder and regulatory approvals. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. Although Quinsam has attempted to identify factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be factors that cause events or results to differ from those intended, anticipated or estimated.

The forward-looking information contained herein is provided as at this date, based upon the opinions and estimates of management and information available to management as at this date. Quinsam 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 herein.