



## Quinsam Announces Q4/2020 Results, Dividend & Update

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**Toronto, Ontario, April 28, 2021** – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) wishes to announce its Q4/2020 results, with net income of \$1.8 million (\$0.02 per share basic, \$0.02 fully diluted) versus a net loss of \$5.9 million (\$0.06 per share basic, \$0.06 fully diluted) in Q4/2019. For the full year, Quinsam had net income of \$2.8 million (\$0.03 per share basic, \$0.03 fully diluted) versus a net loss of \$10.1 million (\$0.09 per share basic, \$0.09 fully diluted) in 2019. Investors can access the Company’s full financial statements on [sedar.com](https://www.sedar.com). In addition, Quinsam is pleased to announce its quarterly dividend and an update on recent events.

“At December 31, 2020, we had net assets of \$0.32 per share” said Roger Dent, CEO of Quinsam. “Our growth in NAV per share exceeded EPS due to the favourable impact of our ongoing normal course issuer bid purchases.”

### Q4 Results

Market conditions were favourable in Q4/2020 across a number of sectors and this helped the valuations of some of our publicly-traded investments. This also improved the prospects for our private company and debt investments, although our carrying values were not necessarily impacted.

Notable movers included Skylight Health (shares up to \$1.17 from \$0.23; we also held warrants), Newlox Gold (shares up to \$0.275 from \$0.115; we also held warrants), Nexe (closed at \$2.06 vs. our pre-RTO cost of \$0.80; we also held warrants) and Helix TCS (small position up to \$0.624 versus \$0.135). We also had an unexpected gain when some older Empower Clinics warrants went well into the money. We exercised these warrants and sold the resulting shares. Some of our gains were offset by a decline in the City View Green share price from \$0.085 to \$0.065, although we note that this share price has since rebounded to \$0.10. We also reduced the carrying values of two of our private companies, Mlraculo and OG DNA.

“Overall we are quite happy with our Q4/2020 results” said Roger Dent. “We reported a solid financial result. Perhaps more importantly, improved market conditions have in our

opinion enhanced the prospects for favourable liquidity events for our private company investments considerably.”

## **Dividend**

The Board of Directors of Quinsam has approved the Company's 27th consecutive quarterly dividend. The dividend is \$0.00125 per share (\$0.005 per share per year). The distribution will be paid on May 28, 2021 to shareholders of record on May 7, 2021. This dividend will be designated as an "eligible dividend" for Canadian income tax purposes. Future quarterly dividends will be subject to Board approval.

## **Update**

In December, we highlighted that one of our investee companies, Agriforce Growing Systems Ltd. ("Agriforce"), had filed an S-1 Statement to facilitate an initial public offering in the United States. While there is no certainty that the IPO will be completed, we currently expect the IPO to close in May 2021. If the IPO is completed in the target price range, we expect to see a strong gain on our share position. After warrant exercises and the Agriforce consolidation, our current holding is approximately 350,000 shares.

We acquired debentures and warrants of Cannus Partners some years ago. This company listed in April 2021 as Ikanik Farms and is currently trading at a solid premium to our year-end carrying value.

In recent months, Quinsam has invested in a number of new companies including Music Royalties, Pluribus, Budbank/Trees, First Helium, Peninsula Capital, Virotek, Wildpack, INX, Above Food, Pathway Health, Green Impact, Orchid Ventures and Current Water Technology.

Music Royalties is focused on generating dividends for its shareholders through the acquisition of long-life royalties on popular music. The company plans a listing later this year and we think that this business model will be very well received by investors. Royalty models are well understood and we think that royalties on music are particularly interesting due to their long life and potential for upside surprises when older music is re-recorded.

Peninsula Capital is focused on investing in US single family rental homes in markets where investors can obtain high cap rates. The company plans a listing later this year and we think its high yield portfolio will create a good audience for the company.

In the cases of Pluribus, Pathway Health, First Helium, Wildpack, Green Impact, INX and Budbank/Trees, we expect to see listings in Q2 once RTOs are complete. Above Food should trade later this year. Virotek is also moving toward a listing though it is not expected in the short term. Current Water and Orchid Ventures are already public and are currently trading in excess of the cost of our unit investments.

In 2021, we have opportunistically participated in new issues of units by Giyani, Cypress, Inner Spirit, Halo, Namaste, Bigg Digital Assets, Tetra Bio-pharm, Vext and Excelsior. We have exited the majority of these positions already and these trades overall were a profitable exercise.

We made small additional investments in Xebra and Green Stripe as they prepare for listings in the coming months.

We made an opportunistic purchase of US\$150,000 of convertible notes in a private company that was acquired by Australis at \$0.20 per Australis share. We have a profit-sharing arrangement with the vendor of the note but we retain the majority of profits from the sale of the Australis shares.

We are looking forward to a listing in the near term by PMML, which operates the Rivalry e-sports betting platform. This is poised to be one of Quinsam's most successful investments. Our 2016 purchase of \$50,000 of units at C\$0.05 is worth over \$800,000 based on PMML's most recent US\$0.34 per share equity financing. We understand that the IPO price target is US\$0.58 per share.

"Small cap market conditions have been extremely favourable in recent months" said Roger Dent, CEO of Quinsam. "While we want to take advantage of this market, we are being cautious about making new illiquid investments based on current euphoria."

## **Issuer Bid Update**

Quinsam announced a normal course issuer bid to purchase up to 5,446,952 shares (the "Bid") in August 2020. We commenced the Bid because we believe that the current share price may not fully reflect the underlying value of the Company's business and future prospects. Quinsam believes that the repurchase of its shares for cancellation is in the best interests of its shareholders because the Bid increases the proportionate shareholdings of remaining shareholders. The Bid commenced on August 28, 2020 and will terminate on August 27, 2021, or on an earlier date if the shares sought in the Bid are repurchased. Quinsam reserves the right to terminate the Bid earlier if it feels that it is appropriate. All shares will be purchased on the open market through the Canadian Securities Exchange ("CSE"), and payment for shares will be made in accordance with CSE policies. The price paid for 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 Bid. We have engaged M Partners to act as the broker to conduct the Bid.

In the quarter ending December 31, 2020, Quinsam repurchased and cancelled 1,696,952 shares pursuant to the Bid, bringing total repurchases pursuant to the Bid since August 28, 2020 to 3,946,952 shares. The shares were purchased at a discount to NAV and the repurchases had a positive impact on NAV/share for remaining shareholders. There remains available in the Bid another 1.5 million shares which are permitted to be acquired in the Bid's final open window, which is expected following the release of Q1/2021 results in May.

## **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 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 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. 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 the 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.