



Quinsam Reports Q3/2019 Results

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TORONTO, Nov. 18, 2019 -- Quinsam Capital Corporation (CSE:QCA) ("Quinsam" or the "Company") is pleased to announce its Q3/2019 results, with net loss of \$5.2 million (\$0.05 per share basic, \$0.04 fully diluted) versus net income of \$2.1 million (\$0.02 per share basic, \$0.01 fully diluted) in Q3/2018. Investors can access the company's full financial statements on sedar.com.

"At September 30, 2019, we had net assets of approximately \$0.34 per share equivalent outstanding," said Roger Dent, CEO of Quinsam. "Even though our NAV reflects the Q3 market carnage in the cannabis space, our trading price remains at an extremely large discount to our underlying asset value."

Quinsam notes that the cannabis sector generally had very negative performance in Q3/2019. For example, the Horizon Marijuana Life Sciences Index ETF NAV fell from \$18.25 at the end of June 2019 to \$11.82 at the end of September 2019, for a decline in the quarter of 35.2%.

"In the context of the 35% ETF decline in Q3, we take solace that our loss, which was under 11% of our June 30, 2019 net assets, was a solid outperformance versus the sector ETF. 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 in the quarter. NAV was also positively impacted by issuer bid share repurchases during the quarter."

Included in the quarterly loss were \$0.9 million of provisions related to private company equity investments. These provisions were taken due to the negative cannabis index performance. Because of the index performance, Quinsam believes that it is reasonable to adjust the carrying values of private company investments where there have been no recent definitive indications of value. Accordingly, in Q3/2019, the company took provisions (in line with YTD cannabis index performance) against all private company investments purchased prior to December 31, 2018 where we did not have specific evidence to show that the value was not impaired. Quinsam also made large reductions to asset values as a result of lower Black-Scholes valuations on the company's warrant portfolio (\$1.1 million) and on the Black-Scholes values of the conversion options inherent in the Company's portfolio of convertible securities (also \$1.1 million). As a result of the adjustments to the carrying values of the conversion features in our convertible debenture portfolio, a number of our convertible debentures are now carried at below face value.

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 September 30, 2019, Quinsam repurchased and cancelled 2,000,000 shares pursuant to the bid. 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 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.