



## **Quinsam Announces Dividend & Update**

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**Toronto, Ontario, January 21, 2021** – Quinsam Capital Corporation (CSE: QCA) ("Quinsam" or the "Company") is pleased to announce its quarterly dividend and an update on recent events.

### **Dividend**

The Board of Directors of Quinsam has approved the company's 26th consecutive quarterly dividend. The dividend is \$0.00125 per share (\$0.005 per share per year). The distribution will be paid on February 25, 2021 to shareholders of record on February 4, 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. Quinsam is pleased to announce that an S-1/A has now been filed which includes data on the pricing at which the Agriforce new issue will be marketed.

Agriforce is a company with proprietary cultivation technology that is designed to increase crop yields, decrease production costs, protect plants from pathogens and contamination and reduce the impact on the environment. Quinsam made a number of investments in Agriforce in recent years. As at September 30, 2020, Quinsam owned 925,000 shares of Agriforce and warrants to purchase a further 925,000 shares. Since that time, Quinsam has exercised 700,000 warrants. The effective carrying cost of our current pre-consolidation holding of 1.625 million shares as at September 30, 2020 (including the cost of the warrant exercise) was approximately C\$1.1 million. Based on the expected pre-listing consolidation and the mid-point of the marketing price range, our 1.625 million share position would have a value of US\$2.1 million.

There is no certainty that Agriforce will complete its IPO transaction. Also, we caution investors that pre-IPO investors including Quinsam agreed to various escrow arrangements, so our ability to sell shares in the near term is limited. Also, tax accruals may be required. Quinsam hopes for a closing of the IPO in February 2021.

Separately, Quinsam has seen good recent performance by a number of its holdings including City View Green and Molecule. We exercised 500,000 \$0.22 options in Thermabright, which also has been performing extremely well. We have received an initial distribution of 1.7 million shares of City View Green shares held by one of our private investee companies, Budd Hutt. We exercised a small \$150,000 legacy warrant position that we held in CXXI and sold the resulting shares for in excess of \$300,000. We had a small position in NEXE Innovations, which had an extraordinary listing debut. We sold our entire position here including our warrant exercise shares, generating a net total of over \$400,000 on our \$150,000 original investment. On the negative side, we have seen a decline of about \$100,000 in the value of our investment in Eden Empire following its listing at the beginning of January. We continue to look forward to a listing by Ikanik Farms and a number of other issuers later in 2021.

Quinsam has recently participated in a small way in a number of free trading unit new issues including those by VEXT, Namaste and Bigg Digital Assets. We also invested \$300,000 in Above Food, a plant protein company expecting to list in mid-2021, and \$300,000 in The Clinic Network, which is also expected to list in mid-2021.

“Market conditions are extremely favourable” said Roger Dent, CEO of Quinsam. “While we want to take advantage of this market, we are being cautious about new investments unless there is a clear path to near term liquidity.”

## **Issuer Bid Update**

Quinsam announced a normal course issuer bid to purchase up to 5,446,952 of its common shares (the “Bid”) in August 2020. The Company commenced the Bid because it believes that the current market price of its common shares may not fully reflect the underlying value of the Company’s business and future prospects. The Company believes that the repurchase of its common shares for cancellation is in the best interests of its shareholders because the Bid will increase the respective proportionate shareholdings and equity interests of all remaining shareholders. The Company commenced the Bid on August 28, 2020 and it will terminate on August 27, 2021, 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. All common shares will be purchased on the open market through the facilities of the Canadian Securities Exchange (“CSE”), and payment for the common shares will be made in accordance with CSE policies. The price paid for the common 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 term of the Bid. The Company has engaged M Partners to act as the broker through which the Bid will be conducted.

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 large discount to

NAV and the repurchases had a positive impact on NAV per share for remaining shareholders. There remains available in the bid another 1.5 million shares which would be permitted to be acquired in the final open window in the bid, which is expected following the release of Q1/2021 results in May.

## **About Quinsam Capital Corporation**

Quinsam is a merchant bank based in Canada with a focus on “small cap” 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 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.