



## Quinsam Reports Q4/2021 Results and Declares Dividend

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**Toronto, Ontario, May 2, 2022** – Quinsam Capital Corporation (CSE:QCA) (“Quinsam” or the “Company”) is announcing its 2021 results, with a net loss of \$2.5 million for the year (\$0.02 per share basic, \$0.02 fully diluted) versus net income of \$2.4 million (\$0.02 per share basic, \$0.02 fully diluted) in 2020. Quinsam also wishes to announce the declaration of its regular quarterly dividend.

“At December 31, 2021, we had net assets of approximately \$0.29 per share outstanding” said Roger Dent, CEO. “Our shares continue to trade at a very steep discount of about 65% to NAV.”

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. We made adjustments to carrying values totalling \$2.4 million in Q4/2021. “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.”

The IFRS accounting standards have made ownership of unlisted securities considerably more complicated. Quinsam is addressing this by trying to reduce the proportion of private investments in its portfolio. During 2021, in the context of a modestly smaller portfolio, we increased the proportion of our portfolio with “Level 1 Valuations” (i.e., listed securities) by over 70% to \$11.4 million. We also reduced our cannabis exposure from about 77% as at December 31, 2020 to about 61% as at December 31, 2021. At the end of 2019, our portfolio was 94% cannabis. We expect increases in the proportion of our Level 1 Investments and continuing declines in the proportion of cannabis investments in our portfolio going forward.

Investors can access the company’s full financial statements on [sedar.com](https://www.sedar.com).

## **Recent Activity**

Given current unsettled market conditions, it is prudent to look forward with a cautious and conservative stance.

We have seen positive developments in some of our recent resource investments including Strategic Minerals Europe (tin), Saturn Oil & Gas (oil) and First Helium (oil & helium). Zodiac (gold) and Electro Metals & Mining (copper/zinc) are marketing pre-IPO offerings at a material premium to our cost.

We have seen liquidity events occur in a number of our portfolio companies in recent months including those by Givex, Pluribus, Liquid Meta, INX, Mimedia and Strategic Minerals Europe.

As at April 30, 2022 we had cash of approximately \$800,000. Our largest investee, a cannabis operation in Guelph (Med Compassion Cannabis Farms/251 Massey Road) is in the process of executing a major refinancing. While completion of the refinancing is subject to risks, we anticipate receiving cash totalling \$1.5 million from this investee in the very near term, which would pay down this loan and accrued interest thereon by over 40% and which would result in our cash balance growing to well in excess of \$2 million.

We are looking forward to liquidity events in the coming months from numerous issuers including Gefion, Above Food, Forrest Innovations, Pfane, Zodiac Gold, Electro Metals & Mining and ChargerQuest. Given recent market conditions we are obviously cautious in our outlook. That being said these companies have all in our opinion made good progress since we invested. In particular, we note that Gefion today announced the successful completion of a Health Canada study for transdermal delivery of CBD and THC. This is in our opinion a major scientific breakthrough and we are optimistic that the company will now move forward with a listing at a materially improved valuation.

## **Issuer Bid**

In Q4/2021, Quinsam acquired 839,500 shares pursuant to its issuer bid to acquire up to 5,174,605 shares that commenced on August 31, 2021 and will terminate on August 30, 2022. As a result of the purchases in Q4/2021, to date the Company has acquired 3,449,000 shares pursuant to this issuer bid. Quinsam has now repurchased and cancelled over 20 million shares since 2018 pursuant to its issuer bids, resulting in significant NAV per share accretion for remaining shareholders.

## **Dividend**

The Board of Directors of Quinsam has approved the Company's 31st consecutive quarterly dividend. The dividend is \$0.00125 per share (\$0.005 per share per year). The distribution will be paid on May 31, 2022 to shareholders of record on May 9, 2022. This

dividend will be designated as an "eligible dividend" for Canadian income tax purposes. Future quarterly dividends will be subject to Board approval.

At the recent share price of \$0.10, the current dividend yield is approximately 5%.

### **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](mailto: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. 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.