



EQUIPMENT LEASING FOR U.S. CANNABIS AND HEMP OPERATORS

COMPANY PRESENTATION
Winter 2020

CSE: XSF
OTCQB: XSHLF

DISCLAIMER



The information contained within this presentation has been prepared by XS Financial ("XS", or the "Company") and contains information pertaining to the business, operations and assets of the Company. The information and opinions contained in this Presentation (a) is provided as of the date hereof and is subject to change without notice, (b) does not purport to contain all of the information that a prospective party may desire or that may be necessary to fully and accurately evaluate an investment in the Company and (c) is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any investor. In all cases, interested parties should conduct their own investigation and analysis of the investment merits and risks of XS Financial and satisfy themselves as to the accuracy, reliability and completeness of any information and data provided. An investment in the securities described herein is speculative and involves a number of risks that should be considered by a prospective investor. Prospective investors should carefully consider the risk factors described under "Risk Factors" attached here to as Appendix B to this Presentation before investing in the Company and purchasing the securities described herein. No sales of the securities of the Company shall be made until the Company and the potential investor enter into a subscription agreement for such securities.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

Certain statements made within this Presentation constitute forward-looking statements and forward looking information within the meaning of applicable Canadian and United States securities legislation (collectively herein referred to as "forward-looking information"), which can often be identified by words such as "will", "may", "estimate", "expect", "plan", "project", "intend", "anticipate" and other words indicating that the statements are forward-looking. Such forward-looking statements are expectations only and are subject to known and unknown risks, uncertainties and other important factors, including, but not limited to, risk factors included in this presentation, that could cause the actual results, performance or achievements of the Company or industry results to differ materially from any future results, performance or achievements implied by such forward-looking statements. Such risks and uncertainties include, among others, dependence on obtaining and maintaining regulatory approvals, including acquiring and renewing state, local or other licenses; the uncertainty of existing protection from United States federal or other prosecution; regulatory or political change such as changes in applicable laws and regulations, including United States state-law legalization, due to inconsistent public opinion, perception of the medical-use and adult-use cannabis industry, bureaucratic delays or inefficiencies or any other reasons; any other factors or developments which may hinder market growth; reliance on management; the effect of capital market conditions and other factors on capital availability; competition, including from more established or better financed competitors; and the need to secure and maintain corporate alliances and partnerships, including with customers and suppliers. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements.

These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this Presentation, those results or developments may not be indicative of results or developments in subsequent periods. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information contained in this presentation is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct.

Prospective investors should not place undue reliance on forward-looking statements, which are based on the information available as of the date of this Presentation. Forward-looking statements contained in this document are made of the date of this Presentation and, except as required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances. Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular historical results should not be taken as a representation that such trends will be replicated in the future. No statement in this document is intended to be nor may be construed as a profit forecast.

An investment in the Company is speculative and involves substantial risk and is only suitable for investors that understand the potential consequences and are able to bear the risk of losing their entire investment. Investors should consider the following risks, in addition to many others, and consult with their own legal, tax and financial advisors with respect to all such risks before making an investment.

CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION:

To the extent any forward-looking information in this presentation constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated market penetration and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading "Cautionary Note Regarding Forward-Looking Information and Forward-Looking Statements". The Company's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Company's revenue and expenses may differ materially from the revenue and expenses profiles provided in this Presentation. Such information is presented for illustrative purposes only and may not be an indication of the Company's actual financial position or results of operations.

USE OF NON-IFRS MEASURES:

This Presentation refers to EBITDA and EBITDA margin because certain investors may use this information to assess the Company's performance and also determine the Company's ability to generate cash flow. XS Financial believes EBITDA, which it defines as earnings before interest, taxes, depreciation and amortization, is one indicator of XS Financial financial performance and uses it as a proxy for the earning potential of the business. EBITDA is an economic measure that reflects the reduction for the cost of debt capital and the tax effects by adding back interest and taxes to earnings. EBITDA margin is EBITDA as a percentage of revenue. This data is furnished to provide additional information and is a non-IFRS measure and does not have any standardized meaning prescribed by IFRS. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of operating costs presented under IFRS.

THIRD PARTY INFORMATION:

This Presentation includes market and industry data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this Presentation, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying assumptions relied upon by such sources. The Company does not make any representation as to the accuracy of such information.

U.S. INVESTOR NOTICE:

This Presentation does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities of the Company in any jurisdiction in which an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities commission or regulatory authority, nor have any of the foregoing authorities or any Canadian provincial securities regulator passed on the accuracy or adequacy of the disclosures contained herein and any representation to the contrary is a criminal offense. Any representation to the contrary is a criminal offense. The securities offered hereby have not been registered under the 1933 Act, or the securities laws of any state and are being offered in reliance upon certain exemptions from registration under such laws. Any securities acquired by a "U.S. Person" (as defined in Rule 902(a) of Regulation S under the 1933 Act) is available. Prospective investors will be required to represent, among other things, that they meet the requirements of an available exemption from the registration requirements of the 1933 Act and are familiar with and understand the terms of this offering and have all requisite authority to make such investment. In making an investment decision, investors must rely on their own examination of the Company and the terms of this offering, including the merits and risks involved.

ALL INFORMATION IS PRESENTED IN US DOLLARS UNLESS OTHERWISE NOTED.

XS HIGHLIGHTS



Through a well-established client base and strategic partnerships within the industry, XS delivers a proven business model that anticipates high IRR and outsized returns for shareholders

1 Revenue Generating Contracts
Already In Place – 188% YoY
Monthly Recurring Revenue Growth

2 Vendor Partnerships with 100+ Well-
Known Original Equipment
Manufacturers (“OEMs”)

3 Strategic Partnership with KushCo.
(OTC: KSHB) Provides Marketing
and Sales Support

PORTFOLIO SNAPSHOT¹

57.6%
Portfolio Lease-to-Value²

45 Months
Average Lease Length

\$200,076
Monthly Recurring Revenue

\$7,568,920
Gross Receivables³

\$16,483,685
Total Lease Commitments

\$10,418,708
Total Undrawn Commitments

\$1,010,000
Average Lease Size by Customer

13 States
Geographic Diversity

¹ As of 11/25/2020






² Outstanding lease exposure to depreciated value of equipment as of 11/25/2020

³ Sum of all remaining customer payments due to XS

CUSTOMER BASE¹



XS serves some of the industry's largest companies, including top-tier Multi-State Operators (“MSOs”) and Single-State Operators (“SSOs”)

COMPANY	LEASE TYPE	CLOSING DATE	# OF STATES	ORIGINAL COMMITMENT	LEASE SIZE (AMOUNT DRAWN)	REMAINING UNDRAWN COMMITMENT
 HLO LABS (OTCQB: AGEE.F)	Sale-leaseback	11/2019	3 & International	\$600,000	\$600,000	\$0
 LEHUA BRANDS	Lease	1/2020	2	\$74,734	\$74,734	\$0
 PHARMACANN	Line of Credit	5/2020	5	\$2,508,951	\$2,508,951	\$0
CONFIDENTIAL	Line of Credit	9/2020	4	\$4,300,000	\$599,138	\$3,700,862
 skymint	Line of Credit	9/2020	1	\$4,000,000	\$755,280	\$3,244,720
 COLUMBIA CARE (CSE: CCHW)	Line of Credit	11/2020	16	\$5,000,000	\$1,526,874	\$3,473,126
TOTAL				\$16,483,685	\$6,064,977	\$10,418,708

¹ As of 11/25/2020

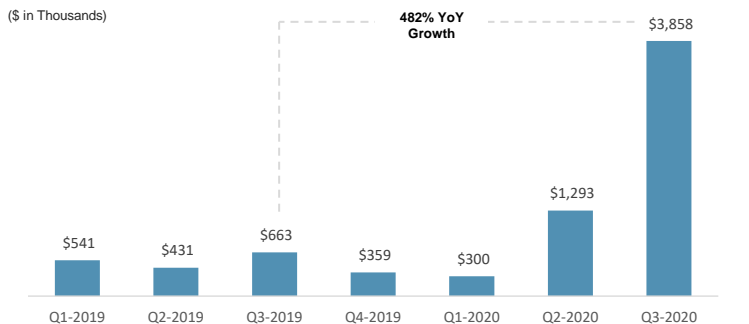
² Average Term across all lease schedules

KEY FINANCIAL HIGHLIGHTS

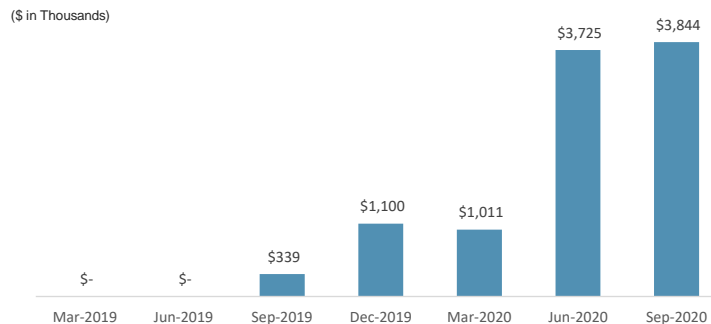


XS has begun seeing an improvement in both quality and size of lease transactions as its sales cycles with larger industry participants begin to materialize

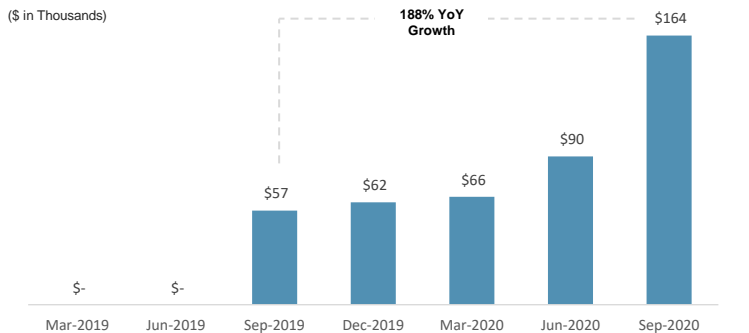
REVENUE



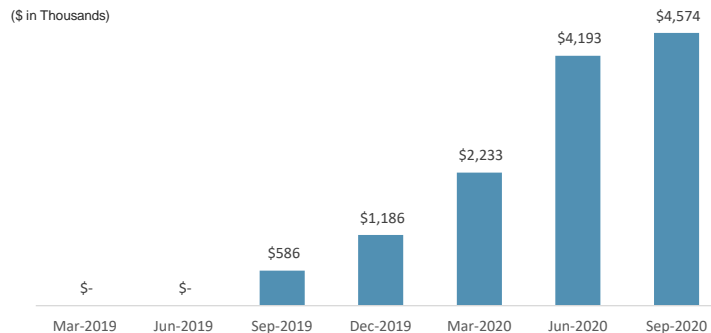
GROSS RECEIVABLES



MONTHLY RECURRING REVENUE



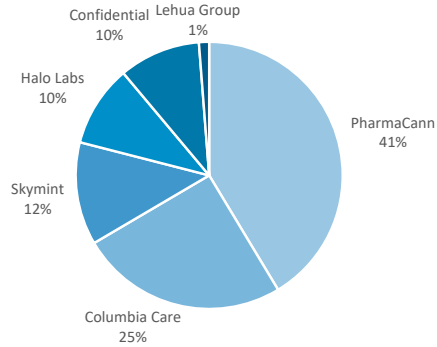
CUMULATIVE FUNDED LEASES



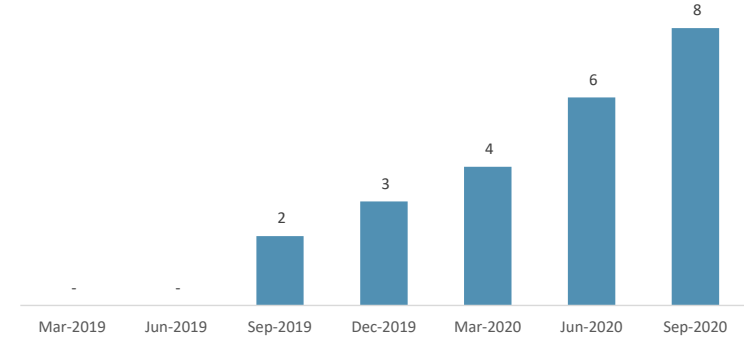
PORTFOLIO SNAPSHOT¹



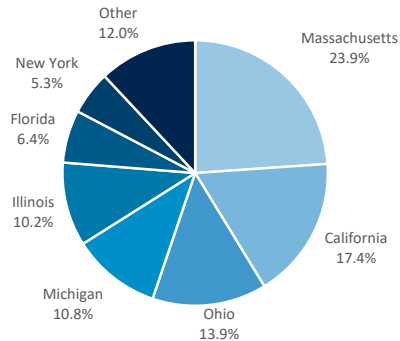
LEASE BY CUSTOMER²



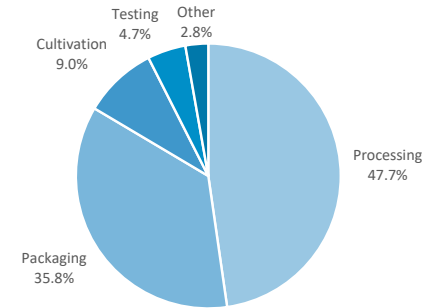
ACTIVE LEASE SCHEDULES



NET EQUIPMENT VALUE³ BY TYPE



NET EQUIPMENT VALUE BY STATE



¹ As of 11/25/2020

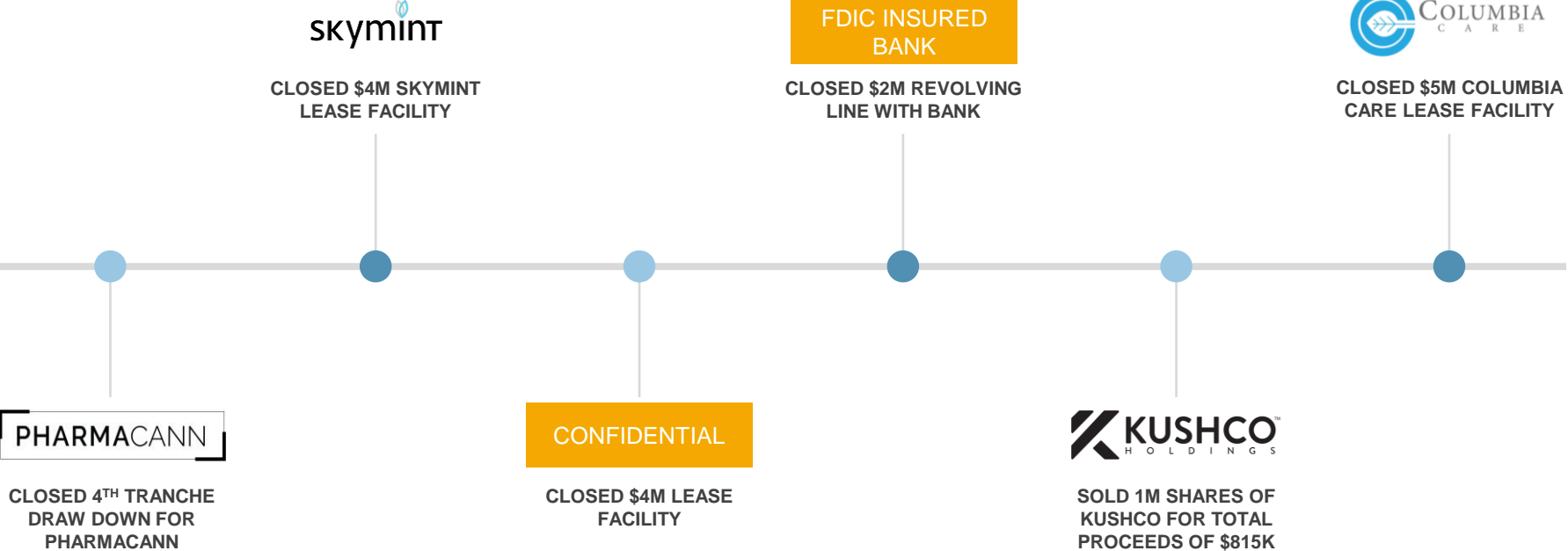
² Lease size at close of transaction

³ Net Equipment Value calculated as original purchase price less straight line 6-year amortization

RECENT EVENTS



XS has made significant progress over the prior 90 days

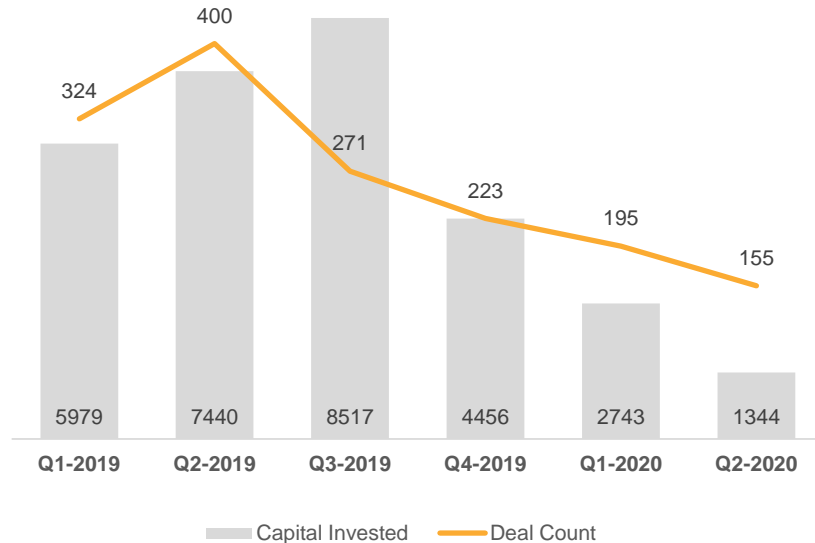


CAPITAL CHALLENGES FOR THE INDUSTRY



Limited capital availability has forced companies to find alternative financing methods and leverage

Cannabis Capital Markets Activity (\$ in MM)¹



THE XS SOLUTION

- XS provides equipment leasing solutions which reduces the need for excessive capital expenditures
- XS line of credit is easy to draw on with no un-used line fees
- XS mitigates the need for companies to raise equity in today's environment, which dilutes shareholders

¹ Source: ELLO Capital "Cannabis & Hemp Industry Update Q2 2020"

+100 PREFERRED VENDOR OEMS



Our relationships with OEMs allow for discounted rates, lead generation, and reduced technology risk

Partner Directly with OEMs Serving the Industry

XS established the Preferred Vendor Program to provide point of sale leasing solutions for customers



Pre-assessment of OEMs

The XS in-house technical team assess the OEMs service agreements, type and duration of warranty coverage and ensures that frequently replaced parts are readily available



Mitigate Technology Risk

XS has clear visibility on manufacturers serving the industry which in turn mitigates technology risk



Preferential Pricing

Volume and purchasing discounts available only to XS Financial driving IRR¹ returns



And many more...

¹IRR - Internal rate of return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments

XS PRODUCT OFFERING



XS Financial provides flexible leasing options to its customers

LEASING PRODUCT	MINIMUM SIZE	ADVANCE RATE	LEASE APR % ¹	LENGTH	TARGET RETURN ²
<p>Line of Credit</p> <p>XS provides growing multi-state operators (MSO's) and market leading single state operators (SSO's) with pre-approved equipment lines of credit. This product is a feature of our customer acquisition strategy and is particularly well suited for the largest and fastest growing companies in the industry. We offer pre-approved funding limits, for a set time period, that are drawn in multiple lease schedules on pro-rata terms. Our intention is to 'grow with our customers' through numerous facilities, each with an updated credit underwriting.</p>	\$1M	Up to 80% of Cost	13%-18%	36-48 Months	> 20% IRR
<p>Lease</p> <p>XS provides best in class companies with an equipment lease for a one-time purchase of a single piece or numerous pieces of equipment.</p>	\$250K	Up to 80% of Cost	13%-18%	36-48 Months	> 20% IRR
<p>Sale-Leaseback</p> <p>In select cases, XS will offer sale-leaseback financing to top tier companies looking to unlock invested capital from prior equipment purchases.</p>	\$250K	Up to 60% of NOLV ³	25%+	12-36 Months	> 25% IRR

¹ Includes origination fee and end of term buyout

² Gross unleveraged IRR

³ NOLV – Net Orderly Liquidation Value

TOTAL ADDRESSABLE MARKET (T.A.M.)



The U.S. cannabis market continues to grow at a rapid pace as markets expand and new states legalize

(\$ in Millions)	2020	2021	2022	2023	2024	2025
# of Legal Cannabis States	35	38	41	44	47	50
# of Targets per State	6	8	10	13	17	22
Estimated Lease Facility/Target	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Total Leasing Facility/Year	\$630	\$912	\$1,230	\$1,716	\$2,397	\$3,300



6

Current # of XS Customers



210

Total Target Customers¹



2.8%

Penetration Rate

¹# of Legal Cannabis States multiplied by # of Target Companies per State in 2020

THE XS TEAM



Our team is highly knowledgeable in finance, equipment technology, and the regulatory framework

DAVID KIVITZ CEO & Director

Co-Founder and Managing Partner of the Alta Verde Group ("AVG"), which acquired and successfully developed, a large portfolio of distressed residential lots resulting from the housing crash. AVG was awarded the #3 Fastest Growing Private Company in 2015 by the LA Business Journal.

Previously Investment Analyst at Hamilton Lane Advisors (NASDAQ: HLNE) and CapitalSource.

JIM BATES Director of Credit & Risk

An equipment and leasing professional with over 30 years of managing credit risk.

Previously Credit Manager for Meridian, Whitney Bank, SunTrust Equipment (NYSE: STI), AIG Equipment Finance (NYSE: AIG), Transamerica Equipment Finance, NationsCredit, CAT Financial (NYSE: CAT), and more.

ANTONY RADBOD COO & Director

Co-founder and lead investor of Nobody Media, a leader in digital content, strategy and behavioral targeting, whose clients included AARP, Boeing (NYSE: BA), and Ducati.

Previously founder of Pollen Partners, a B2B SaaS venture capital firm.

KENNETH SENTER, CLFP Director of Client Services

A Certified Lease and Finance Professional (CLFP) with over 25 years of management experience.

Previously Director for Innovation Finance, Vice President for First American Equipment Finance and owner of Corporate Finance Management, an equipment lease and finance consulting group.

JOE FAZZINI, CPA, CA, CFA CFO

Chief Financial Officer and VP of Corporate Development for various TSX and TSX-listed Companies. With a focus on capital raising, restructuring and M&A, recent experience include CFO of Eastmain Resources (TSX: ER – sold in 10/2020) and CFO of Toachi Mining Inc. (TSXV: TIM – sold in 9/2019).

Previously Vice-President and Senior Equity Research Analyst roles at leading Canadian, non-bank dealer.

TREVOR KROSS Operations Manager

A research and pharmaceutical professional with over 5 years of cannabis experience managing and procuring equipment for both analytical and extraction labs.

Previously Inventory Control Manager for KB Labs and Extraction Lab Lead for Tryke Companies.

Our Board of Directors provide industry expertise, governance and finance support to our management team

GARY HERMAN Independent Director

Fund manager, Strategic Turnaround Equity Partners and affiliates. Previously, Abacoa Capital Master Fund, Ltd. Registered with Arcadia Securities, LLC.

STEPHEN CHRISTOFFERSEN Independent Director

Chief Financial Officer for KushCo Holdings (OTC:KSHB), evaluates strategic acquisitions and fundraising initiatives

KushCo (OTC: KSHB) Partnership & Acquisition of 19.9% Ownership Position¹



The industry's largest ancillary service provider

STRATEGIC PARTNERSHIP TO DEVELOP BUSINESS OPPORTUNITIES

- Sales and marketing support including cross promotion and marketing
- Access to customer list with over 5,000 cannabis brands and largest multi-state Operators
- KushCo & XS Founders² control approx. 43% of XS

¹ Refer to Strategic Partnership and Cooperation Agreement with KushCo Holdings Inc. as announced on 1/30/2020

² See slide 15 for a breakdown of share structure and ownership

Q3 2020 FINANCIAL RESULTS



	Q3 2020 ¹ Sept. 30, 2020	Q3 2019 Sept. 30, 2019
REVENUE	\$3,858,329	\$663,468
GROSS PROFIT (LOSS)	\$76,053	(\$55,163)
OPERATING EXPENSES	\$364,034	\$625,509
NET CASH USED IN OPERATING ACTIVITIES	(\$287,981)	(\$680,672)
NET PROFIT (LOSS)	(\$819,926)	\$1,805,944
ADJUSTED NET LOSS ²	(\$266,509)	(\$1,058,210)
ADJUSTED EBITDA ³	\$44,910	(\$594,024)

Cash and marketable securities as of September 2020 was \$1.6 million

Steady improvement in Cash Flow Per Share

	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20
CASH FLOW PER SHARE (CFPS)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
EARNINGS PER SHARE	\$0.05	\$0.04	\$(0.05)	\$(0.02)	\$(0.02)
ADJUSTED EARNINGS PER SHARE (AEPS)	\$(0.03)	\$0.01	\$(0.01)	\$(0.01)	<i>nil</i>

Steady improvement in operating metrics driven by increased gross margins, expanded leasing portfolio and operating cost reductions which are expected to continue into 2021.

¹ See press release dated November 30, 2020

² Adjusted Net Loss is a non-IFRS financial performance measure with no standard definition under IFRS. Adjusted Net Loss is calculated as Net Loss per IFRS adjusted for the non-cash unrealized loss in the change in the fair value of investments, non-cash change in fair value of derivative liabilities and non-cash accretion expense.

³ Adjusted EBITDA is a non-IFRS financial performance measure with no standard definition under IFRS. Adjusted EBITDA is calculated as EBITDA adjusted for non-cash equity compensation, and loss/(gain) of sale of non-essential equipment.

MARKET CAPITALIZATION & SHARE STRUCTURE



XS CAPITAL STRUCTURE (As at November 22, 2020)¹

Common Shares Outstanding (Subordinate Voting Shares)	31,554,664
XS Founders (Proportionate Voting Shares - Lock-Up Period Thru Sep '22)	12,507,298
KushCo (Proportionate Voting Shares - Lock-Up Period Thru Jan '21)	10,600,300
Common Shares Outstanding	54,662,262
10% Unsecured Convertible Debentures (If Converted @ C\$1.10) ²	5,152,727
Options Outstanding (Avg. Exercise Price – C\$0.36)	4,669,018
Warrants Outstanding (Avg. Exercise Price – C\$0.94) ³	7,607,428
Fully Diluted Shares Outstanding	72,091,436

SHARE PRICE

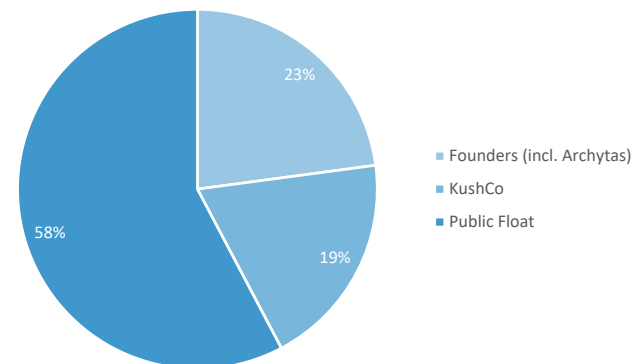
Nov. 27, 2020

C\$0.25

(52 week High: \$0.42
Low: \$0.10)

MARKET CAPITALIZATION

C\$13.7 Million



¹ Assumes conversion of Proportionate Voting Shares into Common Shares

² Sub receipt financing. Principal balance of C\$5,668,000 convertible into units comprised of one common share and one warrant at C\$1.10.

³ Includes warrants issuable from units upon conversion of convertible debentures



XS FINANCIAL
EQUIPMENT LEASING

ADDRESS

**1901 Avenue of the Stars,
Suite 120
Los Angeles, CA 90067**

XSFinancial.com

EMAIL

IR@xsfinancial.com