

NOT FOR DISTRIBUTION OR DISSEMINATION INTO THE UNITED STATES OR THROUGH U.S. NEWSWIRE SERVICES

XS FINANCIAL PROVIDES UPDATE WITH RESPECT TO PREVIOUSLY ANNOUNCED PRIVATE PLACEMENT

LOS ANGELES, CA, March 1, 2021 – XS Financial Inc. (“XS Financial”, “XSF” or the “Company”) (CSE: XSF), an equipment finance and leasing company serving cannabis operators in the United States, is pleased to announce the final terms of its previously announced private placement offering (the “Offering”) of the Company. The Offering is comprised of (a) the brokered offering of subordinate voting share units (“SVS Units”) led by Gravitas Securities Inc. and Canaccord Genuity Corp. (the “Agents”), at an offering price of C\$0.30 per SVS Unit to raise aggregate gross proceeds of up to \$8,000,000, inclusive of an over-allotment option of \$1,000,000 (the “Over-Allotment Option”); and (b) a non-brokered offering (the “Non-Brokered Offering”) of (i) SVS Units at C\$0.30 per SVS Unit; and (ii) proportionate voting share units (“PVS Units”) at an offering price of C\$300.00 per PVS Unit.

The Company is pleased to announce that the Over-Allotment Option has been fully exercised by the Agents such that, together with the Non-Brokered Offering, the Company expects to issue up to 39,259,731 SVS Units and 5,251 PVS Units pursuant to the Offering, to raise aggregate gross proceeds of up to C\$13,353,219. Each SVS Unit will consist of one subordinate voting share of the Company and one share purchase warrant (a “SVS Warrant”), with each SVS Warrant entitling the holder to acquire one additional subordinate voting share of the Company at an exercise price of C\$0.45 until the date which is two years from the closing date of the Offering. Each PVS Unit will consist of one proportionate voting share of the Company and one share purchase warrant (a “PVS Warrant”), with each PVS Warrant entitling the holder to acquire one additional proportionate voting share of the Company at an exercise price of C\$450.00 until the date which is two years from the closing date of the Offering. All amounts are in Canadian Dollars.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or “U.S. persons” (as such term is defined under the U.S. Securities Act) absent registration or an exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About XS Financial

Founded in 2017, XS Financial specializes in providing CAPEX financing solutions to cannabis companies in the United States, including cultivators, processors, manufacturers and testing laboratories. In addition, XSF has partnered with over 150 original equipment manufacturers (OEM) through its network of Preferred Vendor partnerships. This powerful dynamic provides an end-to-end solution for customers which results in recurring revenues, strong profit margins, and a proven business model for XSF stakeholders. The Company’s subordinate voting shares are traded on the Canadian Securities Exchange under the symbol “XSF”. For more information, visit: www.xsfinancial.com.

For inquiries please contact:

David Kivitz **Antony Radbod**
Chief Executive Officer Chief Operating Officer

Tel: 1-310-683-2336
Email: ir@xsfinancial.com

Forward-Looking Information

This press release contains “forward-looking information” and may also contain statements that may constitute “forward-looking statements”, collectively “forward-looking information”, within the meaning of applicable Canadian securities legislation. Such forward-looking information is not representative of historical facts or information or current condition, but instead represent the beliefs and expectations regarding future events about the Offering, the business and the industry and markets in which XS

Financial operates, as well as plans or objectives of management, many of which, by their nature, are inherently uncertain. Generally, such forward-looking information can be identified by the use of terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". Forward-looking information contained herein may include but is not limited to, the size and timing of the Offering, whether the Offering will be completed upon the terms as presently proposed or at all, any additional leasing opportunities and the ability to capitalize on such and the timing thereof. Forward-looking information is not a guarantee of future performance and involve risks, uncertainties and assumptions which are difficult to predict, including without limitation, risks relating to the availability of financing and the other risks set forth in the continuous disclosure documents of XS Financial from time to time. Accordingly, readers should not place undue reliance on forward-looking information, which are qualified in their entirety by this cautionary statement. XS Financial Inc. does not undertake any obligation to release publicly any revisions for updating any voluntary forward-looking information, except as required by applicable securities law.

Neither the Canadian Securities Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.