

## **XS FINANCIAL STREAMLINES COSTS AND REMAINS WELL CAPITALIZED TO CONTINUE TO GROW ITS LEASING PORTFOLIO**

**LOS ANGELES, CA, August, 17, 2020 – XS Financial Inc., (“XS Financial”, "XSF" or the "Company") (CSE: XSF) (OTCQB: XSHLF)** a specialty finance company engaged in equipment leasing to owner operators of cannabis and hemp companies in the United States, is pleased to provide a corporate update highlighting some recent cost optimizations which will serve to improve bottom-line performance and profitability. With the current portfolio of revenue-generating leases and the Company’s ongoing access to capital through Archytas Ventures LLC (“**Archytas**”) and KushCo Holdings Inc. (“**KushCo**”) stock, XS remains well capitalized to continue to grow its leasing portfolio.

### **Cost Optimization Initiatives**

Based on an internal assessment of the business with a special focus on streamlining costs, the Company has implemented changes to help improve the Company’s bottom line performance and profitability. These changes include the following:

- **Management Fee Reductions:** In consultation with the board and management, the monthly Archytas management fees (for CEO & COO) have been significantly reduced or waived for second and third quarters this year. This decision reflects management’s focus on bottom-line performance and as significant owners of XSF (~23% of diluted shares outstanding), reflects strong shareholder alignment. The Company estimates annualized cash savings to be realized in 2020 in excess of US\$200,000.
- **Reduction in Interest on Term Loan:** Further to management fee reductions, Archytas has also voluntarily agreed to reduce the effective interest rate on its US\$600,000 term loan to the Company from 18% to 12%, effective May 2020, until maturity. The Company anticipates savings to be realized in 2020 with an annualized savings of \$36,000.
- **Staffing Optimization:** In conjunction with rapidly expanding the Company’s equipment vendor network, XSF has enhanced its equipment procurement for its customers. Given the vast range of equipment, the Company has reduced its role in post-purchase equipment service, which is now provided directly by the Company’s vendor partners. In light of scaled-back inventory needs, the Company has implemented specific staffing changes. The Company anticipates annualized savings to be US\$240,000.
- **Closure of Florida Office & Warehouse:** Ongoing optimizations in the Company’s business model now allow service equipment to be shipped directly from manufactures to XSF customers. Without the need to maintain warehouse space, the Company has closed its Florida facilities. The Company anticipates savings to be realized in 2020 to be on the order of US\$20,000

**David Kivitz, CEO of XS Financial commented,** “We remain steadfast in our goals of growing revenues while streamlining costs to improve bottom-line results. As such, management has agreed to a reduction in cash compensation. Combined with additional savings from a reduction of the interest rate on our term loan, the restructuring of certain staff and the closure of the Florida facility, we expect to realize annualized savings of over US\$500,000. This represents cash savings of almost 50% from our prior operating budget. We anticipate that these cost saving initiatives, combined with our current portfolio of leases, and new leases under review, will result in significant earnings, cash flow and profitability improvement in the months ahead.

“We continue to aggressively seek new opportunities and remain well capitalized to enact on new leases supported by our current pipeline. We are confident we will see additional new lease contract announcements in the coming weeks.”

Founded in 2017, XSF specializes in providing equipment leasing solutions in the United States to owner/operators of cannabis and hemp companies, including cultivators, oil processors, manufacturers and testing laboratories. In addition, XSF provides a full range of consulting services including equipment selection and procurement, through its network of preferred vendor partnerships with original equipment manufacturers and equipment distributors. 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.

Visit [www.xsfinancial.com](http://www.xsfinancial.com) for more information or contact XS Financial at:

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