

XS FINANCIAL PROVIDES UPDATE ON KUSHCO PARTNERSHIP

LOS ANGELES, CA, September 2, 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 an update on the partnership with KushCo Holdings Inc. (“**KushCo**”, OTCQX: KSHB), the premier provider of ancillary products and services to the legal cannabis and CBD industries. XSF and KushCo entered into a Strategic Partnership Cooperation Agreement (the “**SPCA**”) as announced on January 31, 2020. As part of the agreement, KushCo took a minority equity ownership position in the Company, and in turn, KushCo issued to XSF 1,653,081 common shares in KushCo.

SPCA and Collaboration Efforts

KushCo is a recognized and respected cannabis-related company with a global footprint. As early pioneers in the industry and one of the largest ancillary companies serving this vertical, KushCo represents the ideal partner to provide direct access to 1,000’s of potential customers for XSF. KushCo’s sales and marketing arm has been—and continues to be—an invaluable resource to provide greater visibility for the Company. The Company was given a right of first refusal to provide leasing services to all of KushCo’s current and future customers, and KushCo has been given a right of first refusal to provide its products to all of XSF’s current and future customers.

The XSF Voting Shares issued were restricted for a period of twelve (12) months from the date of issuance on January 28, 2020, after which they would become free trading (subject to any applicable securities laws). KushCo will have the pre-emptive right to subscribe for and maintain its proportional interest in the event of any future equity financings (subject to any applicable securities laws and assuming KushCo maintains at least a 10% ownership position in XS). For a period of twelve (12) months from the date of issuance, XS was required to receive prior written consent from KushCo in order to trade the securities. The Company and KushCo recently entered into an Investor Rights Agreement granting KushCo the right to nominate up to one (1) person, at the discretion of KushCo, for election to the board, and KushCo has agreed to remove the share restrictions on the Company’s holdings in KushCo effective August 27, 2020, where those shares are now considered free trading. KushCo’s CFO Stephen Christoffersen will remain on the Board at XS Financial alongside David Kivitz, Antony Radbod, and Gary Herman.

David Kivitz, CEO of XS Financial commented, “This partnership was extremely timely for us, allowing us to partner with such a well known and integrated brand as KushCo. Through our Strategic Partnership and Cooperation Agreement, we have been able to take advantage of additional lead generation through KushCo’s extensive network, positioning us to collaborate with a high-quality customer base resulting in larger leasing agreements with the potential for repeat business. We have commenced cross promotional marketing efforts and expect to continue these combined efforts as we move forward. Additionally, with the KushCo shares now free trading, XS has access to approximately \$1,000,000 (at today’s valuation) of additional capital, which would allow us to close on additional leasing opportunities we are advancing through our current pipeline.”

Christoffersen added: “From everyone here at the KushCo team, we could not be more pleased with how successful our partnership with XS has been so far, and where it is heading toward in the coming months. Our respective teams have done a phenomenal job collaborating seamlessly to cross-sell our respective offerings, securing several large and notable customers, with many more building up in the pipeline through our joint marketing and sales activities. Needless to say, the overall partnership has exceeded our expectations in many ways, and we look forward to building on this momentum with additional customer wins and more synergistic collaboration in the near future.”

About XS Financial

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.

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