



EQUIPMENT FINANCING FOR U.S. CANNABIS OPERATORS

COMPANY PRESENTATION
January 2024

CSE: XSF
OTCQB: XSHLF

DISCLAIMER



The information contained within this presentation has been prepared by XS Financial Inc. ("XS", or the "Company") as of January 2024 and contains information pertaining to the business, operations and assets of the Company. This Presentation is solely for your information and may not be reproduced, in whole or in part, in any form or forwarded or further disseminated to any other person. Any forwarding, distribution or reproduction of this Presentation in whole or in part is unauthorized. By accepting and reviewing this Presentation, you acknowledge and agree (i) to maintain the confidentiality of this Presentation, and the information contained herein, (ii) to protect such information in the same manner you protect your own confidential information, which shall be at least a reasonable standard of care, and (iii) to not utilize any of the information contained herein except to assist with your evaluation of a potential direct or indirect investment in the Company.

The information and opinions contained in this Presentation (a) are provided as of the date hereof and are subject to change without notice, (b) do 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) are not intended to be relied upon as advice to investors or potential investors and do 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 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 and in the continuous disclosure documents of the Company filed on SEDAR at www.sedar.com from time to time, before investing in the Company. This Presentation does not constitute an offer to sell any securities of the Company in any jurisdiction.

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, and include but are not limited to statements relating to the success of the Company's existing and future business strategies and implementation, any resulting growth in the Company's operations or financial performance as a result of such strategies and implementation, trends in the Company's business or the cannabis industry, the Company's leasing capacities and the availability of funding. 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.

CAUTIONARY NOTE TO UNITED STATES INVESTORS:

The securities of XS Financial Inc. ("XS") have not been and will not be registered under any United States federal or state securities law and may not be offered or sold in the United States, absent available exemptions from applicable registration requirements of the United States Securities Act of 1933 (the "U.S. Securities Act"). IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF XS, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OF XS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE OR CANADIAN PROVINCIAL SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED ON THE ACCURACY OR ADEQUACY OF THIS PRESENTATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. This presentation does not constitute an offer to sell securities of XS in any jurisdiction.

The securities of XS will not be and have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, and are "restricted" offerings within the meaning of Rule 144 under the U.S. Securities Act which may be resold, pledged or otherwise transferred only pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act.

The financial statements of XS are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, which differs from U.S. generally accepted accounting principles ("U.S. GAAP"). Accordingly, the financial statements and other financial information of XS referenced in this presentation or in any of the public filings of XS may not be comparable to financial statements or other financial information of United States companies prepared in accordance with U.S. GAAP. Without limiting the generality of the foregoing, readers are cautioned that IFRS accounting methods can vary significantly from those of U.S. GAAP including, without limitation, with respect to the presentation of earnings and lease accounting methods.

USE OF NON-IFRS MEASURES:

This Presentation refers to EBITDA and EBITDA margin because certain readers may use this information to assess the Company's performance and also determine the Company's ability to generate cash flow. XS believes EBITDA, which it defines as earnings before interest, taxes, depreciation and amortization, is one indicator of the Company's 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.

TAXATION

Readers should be aware that the purchase of securities of the Company may have tax consequences both in Canada and the United States. Each prospective investor is strongly encouraged to consult its own tax advisor concerning any purchase of securities of the Company and the holding and disposition of any such securities. This Presentation does not address the tax consequences of the purchase, ownership or disposition of any such securities.

CANNABIS-RELATED ACTIVITIES ARE ILLEGAL UNDER U.S. FEDERAL LAWS

The U.S. Federal Controlled Substances Act classifies "marijuana" as a Schedule I drug. Accordingly, cannabis-related activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis and cannabis products are illegal under U.S. federal law. These current laws and any amendments thereto could have a material adverse impact on the Company as a result of its operations in the cannabis industry. Prospective investors should carefully consider the risk factors described under "Risk Factors" in this Presentation and the continuous disclosure filings of the Company before investing directly or indirectly in the Company and purchasing the securities described herein.

ALL INFORMATION IS PRESENTED IN US DOLLARS UNLESS OTHERWISE NOTED.

XS HIGHLIGHTS



XS Financial Inc. provides the legal U.S. cannabis industry access to competitively-priced, non-dilutive CAPEX and equipment financing solutions

- 1 41% YoY increase in Q3 revenue to \$2.9 million in Q3/23
- 2 Closed \$54.0M upsized credit line with Needham Bank in September 2023
- 3 Closed \$39.0M upsized credit line with Needham Bank in December 2022
- 4 Closed \$24.0M credit line with Needham Bank in August 2022
- 5 Vendor Partnerships with 250+ Well-Known OEMs

PORTFOLIO SNAPSHOT¹

14.7% Estimated Yield	\$107,851,469 Lease Receivables ²
\$3,318,053 Monthly Recurring Payments	\$128,713,717 Total Active Leases
\$8,044,607 Average Lease Size by Customer	68.1% Portfolio Lease-to-Value ³
35 Months Average Lease Term Remaining	0.0% Payment Default Rate

¹ As of 11/2023, inclusive of leases commencing in 12/2023







² Total gross lease payments due to XS as of 12/2023







³ Outstanding lease exposure to depreciated value of equipment as of 11/2023

OUR CUSTOMERS¹



XS finances best-in-class Multi-State Operators (“MSOs”) and Single-State Operators (“SSOs”)

COMPANY	LEASE RECEIVABLES ²
 (OTCQX: AYRWF)	\$35,800,727
	\$21,821,416
 (CNQ: CURA)	\$9,340,126
 (NEO: CCHW)	\$7,641,411
	\$7,015,384
 CAROLITE CO.	\$4,787,992

COMPANY	LEASE RECEIVABLES ²
	\$4,339,549
	\$4,179,761
 (OTCQX: JUSHF)	\$3,228,606
	\$3,128,254
	\$2,209,898
 (OTCQX: AAWH)	\$2,246,972

¹ Representative customer list. Active lease schedules as of 11/2023, inclusive of leases commencing in 12/2023.

² Total gross lease payments due to XS Financial

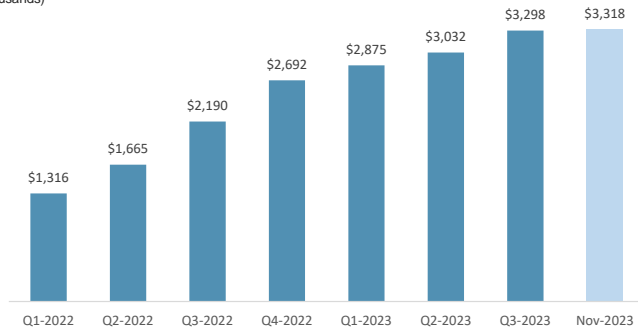
KEY FINANCIAL HIGHLIGHTS¹



Exponential growth driven by increased demand for CAPEX financing

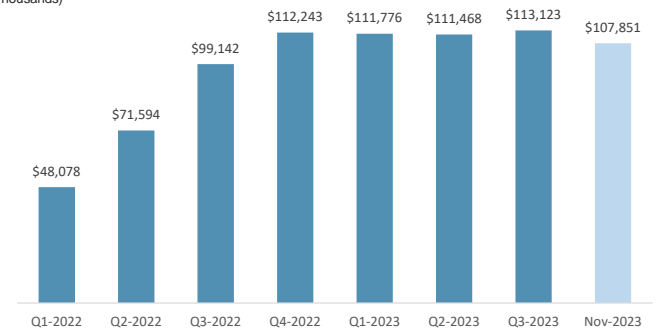
MONTHLY RECURRING PAYMENTS

(\$ in Thousands)



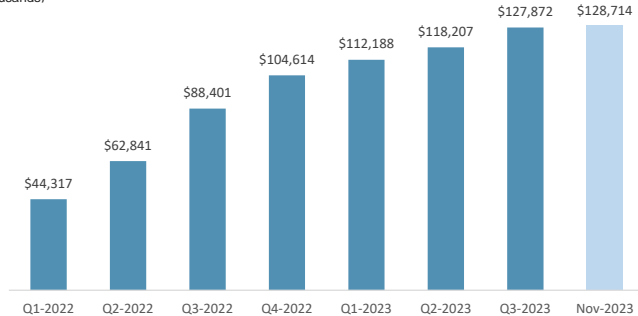
LEASE RECEIVABLES

(\$ in Thousands)

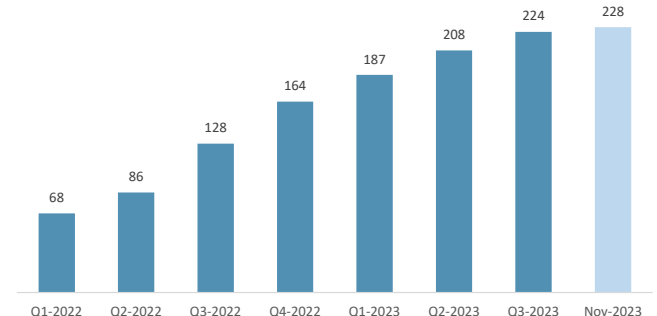


ACTIVE CLOSED LEASES

(\$ in Thousands)



ACTIVE LEASE SCHEDULES

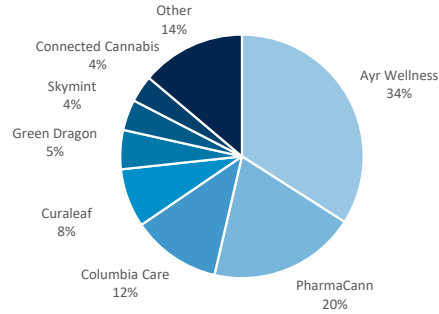


¹ As of 11/2023, inclusive of leases commencing in 12/2023

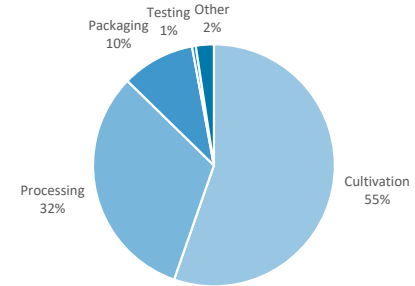
PORTFOLIO SNAPSHOT¹



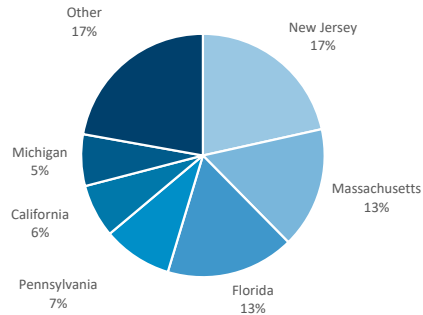
LEASE RECEIVABLE BY CUSTOMER



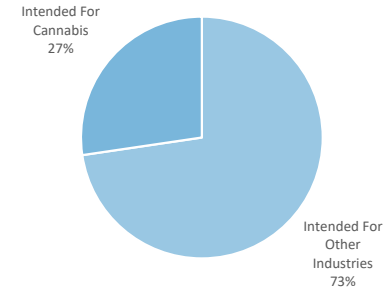
NET EQUIPMENT VALUE BY TYPE²



NET EQUIPMENT VALUE BY STATE²



NET EQUIPMENT VALUE BY USAGE



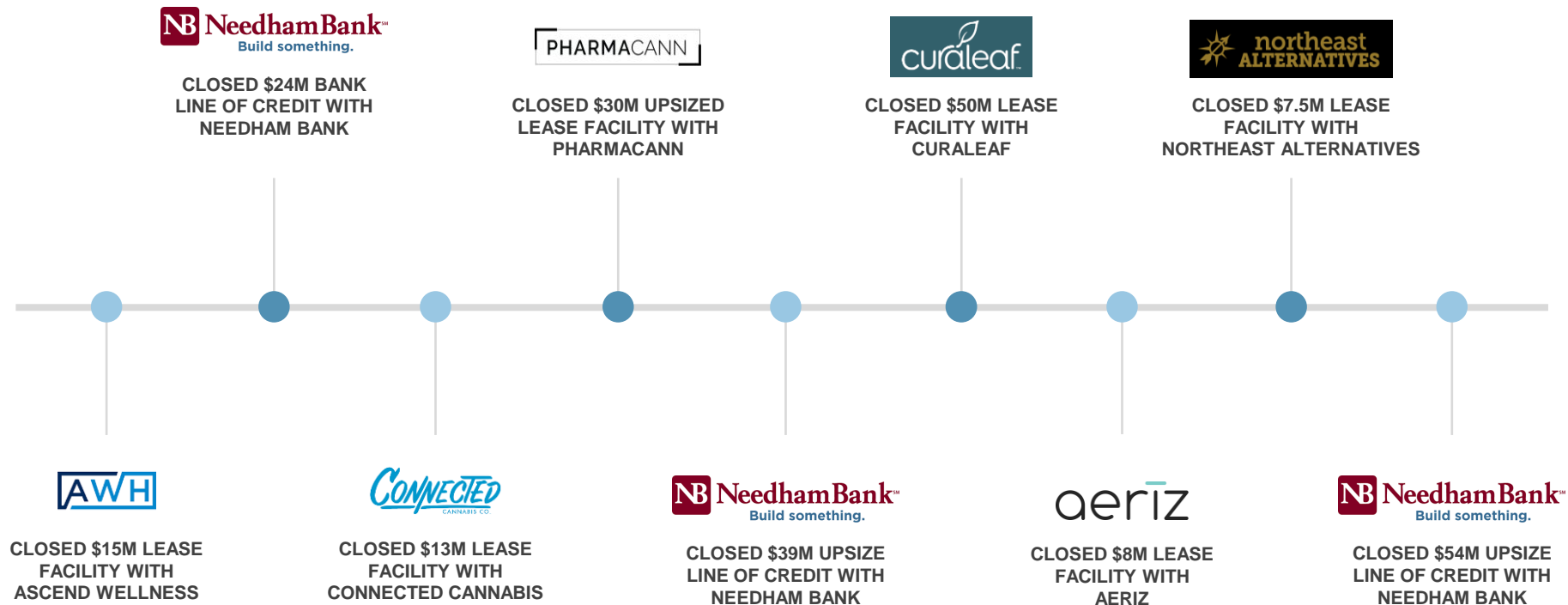
¹ As of 11/2023, inclusive of leases commencing in 12/2023

² Net Equipment Value calculated as original purchase price less straight line 6-year amortization

RECENT EVENTS



XS has made significant progress since its inception



+250 PREFERRED VENDOR OEMS



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

Partners With OEMs Serving the Industry

XS established the Preferred Vendor Program to provide point of sale leasing solutions for equipment vendors and “Rate Buy-Down” programs for existing XS customers

Pre-assessment of OEMs

The XS in-house procurement team assesses 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 helps to mitigate technology risk

Preferential Pricing

Exclusive volume and purchasing discounts available only to XS
Financial further enhances returns



And many more...

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>Lease Facility</p> <p>XS provides growing multi-state operators (MSOs) and market leading single state operators (SSOs) with pre-approved equipment lease facilities. 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 100% of Cost	12%-20%	36-60 Months	> 16% 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 100% of Cost	12%-20%	36-60 Months	> 16% 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	16%+	12-36 Months	> 16% IRR

¹ Includes origination fee and end of term buyout

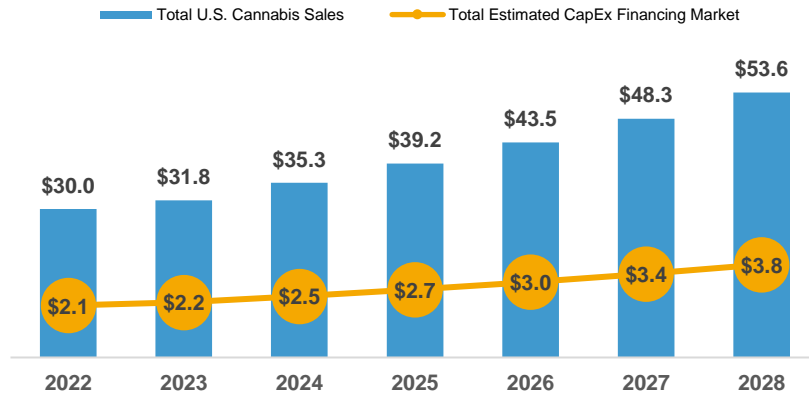
² Gross unlevered IRR

³ NOLV – Net Orderly Liquidation Value

TOTAL ADDRESSABLE MARKET (TAM)



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



Total U.S. Cannabis Sales from Larger Entities (~50%)	\$15.0	\$15.9	\$17.6	\$19.6	\$21.7	\$24.2	\$26.8
Est. Capital Expenditures as % of Sales ⁽²⁾	20%	20%	20%	20%	20%	20%	20%
Est. Equipment Purchases as % of Capital Expenditures	35%	35%	35%	35%	35%	35%	35%
Total Est. CAPEX Financing Market	\$1.05	\$1.11	\$1.24	\$1.37	\$1.52	\$1.69	\$1.87



16

Current # of XS Customers



228

Total Active Transactions (#)



\$128.7M

Total Active Lease Transactions (\$)

¹ Brightfield Group; "2023 Update: U.S. Cannabis market Forecasts" for FY 2023 and estimated 11% CAGR

² S&P Capital IQ based on 14 largest Multi-State Operator's 2020 sales and PP&E expenditures

Our team is highly knowledgeable in CAPEX financing, equipment technology, and underwriting

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

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 of Pollen Partners, an opportunistic HoldCo investing across the digital landscape of media, marketing, and SaaS technologies. Lead investor and Co-founder of Nobody Media, a marketing think tank for content, strategy and behavioral targeting, whose clients included AARP, Boeing (NYSE: BA), and Ducati.

Nobody Media was acquired in 2016.

JUSTIN HIJECK Senior Credit Manager

Financial professional with over 20 years of experience in the banking / finance industry noting most of his career has been spent in equipment finance.

Previously held various credit roles at General Motors (NYSE: GM), Toronto Dominion Bank (NYSE: TD), and Citizens Financial Group (NYSE: CFG).

JUSTIN VUONG CFO

Finance professional with over 10 years of experience capital raising, mergers and acquisitions, and investing.

Previously an investment banking associate on the Consumer investment banking team at Roth Capital Partners where he completed transactions for companies in the cannabis space including Tilray (NASDAQ: TRLY) and HEXO (NASDAQ: HEXO).

MICHELLE BRUNO, CLFP Business Development Manager

A Certified Lease and Finance Professional (CLFP) with over 8 years of account management and equipment financing experience.

Previously Client Service Leader for Thermo Fisher Scientific, New Drug Development Division and Assistant Vice President, Project Manager for First American Equipment Finance.

Board of Directors

STEPHEN CHRISTOFFERSEN Independent Director

CEO and Board Member of Western Acquisition Ventures (NASDAQ: WAVS). Previously CFO of KushCo Holdings (OTCQX: KSHB).

GARY HERMAN Independent Director

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

ANDREW MITCHELL Independent Director

Research Analyst at Marblegate Asset Management. Previously analyst in the Restructuring & Recapitalization Group at Raymond James Financial.

MARKET CAPITALIZATION & SHARE STRUCTURE



XS CAPITAL STRUCTURE¹

Common Shares Outstanding (Subordinate Voting Shares)	77,728,045
XS Founders (Subordinate and Proportionate Voting Shares)	22,443,384
Common Shares Outstanding (Proportionate Voting Shares)	3,713,613
Total Basic Common Shares	103,885,042
March 2019 Unsecured Convertible Debenture (as converted) ²	4,993,636
Oct. 2021 Unsecured Convertible Debt (as converted) ³	439,932,681
Total Basic Common Shares (as converted)	548,811,360

MARKET CAPITALIZATION

C\$4.2 Million

SHARE PRICE

Jan. 8, 2024

C\$0.04

¹ Assumes conversion of Proportionate Voting Shares into Common Shares

² Assumes conversion of original principal outstanding at C\$1.10. Notes mature in September 2024

³ Assumes conversion of original principal outstanding at C\$0.12. Notes mature in June 2024



XS FINANCIAL
CAPEX FINANCING

ADDRESS

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

[XSFinancial.com](https://www.XSFinancial.com)

EMAIL

IR@xsfinancial.com