

FORM 51-102F3
Material Change Report

**MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF
NATIONAL INSTRUMENT NO. 51-102**

Item 1. Reporting Issuer

XS Financial Inc. (the “**Company**”)
1901 Avenue of the Stars, Suite120
Los Angeles, California 90067

Item 2. Date of Material Change

A material change took place on July 22, 2020.

Item 3. Press Release

On July 22, 2020, a news release in respect of the material change was disseminated by the Company.

Item 4. Summary of Material Change

The Company announced that in connection with a previous contract with a third-party service provider, XS has agreed to issue an aggregate of 119,047 common shares of the Company to satisfy a debt obligation for services rendered, as approved by the Canadian Securities Exchange.

Item 5. Full Description of Material Change

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated by reference herein.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

Joe Fazzini

Item 9. Date of Report

DATED at Los Angeles, in the State of California, this 22th day of July, 2020.

SCHEDULE "A"

[See attached]



XS FINANCIAL ANNOUNCES JIM BATES AS DIRECTOR OF RISK AND KENNETH SENTER AS DIRECTOR OF CLIENT SERVICES

LOS ANGELES, CA, July, 22, 2020 – XS Financial Inc., (“XS Financial”, “XS” or the “Company”) (CSE: XSF) (OTCQB: XSHLF) a specialty finance company engaged in equipment leasing in the United States, is pleased to announce Jim Bates as Director of Risk and Kenneth Senter as Director of Client Services.

Mr. Bates brings plus 30 years of experience in credit, collections, documentation, and operations, having worked with companies such as Arvest Equipment Finance, CHG-Meridian USA Corp., Whitney Equipment Finance LLC, an AIG Commercial Equipment Finance Inc., and Caterpillar Financial Services Corporation. Mr. Bates has held progressively senior positions throughout his career building and leading teams, conducting research into new market niches, providing proactive credit risk management, and reviewing, interpreting and negotiating transaction documents. Mr. Bates graduated with a B.Bus., summa cum laude from Western Illinois University.

Mr. Senter is a Certified Lease and Finance Professional (CLFP) with over 30 years of sales, management, and training experience. Before joining XS, Mr. Senter held the position of Vice President with First American Equipment Finance and Director, Client Innovation with Innovation Finance USA LLC. Mr. Senter also owned and operated his own leasing and finance consulting group for 15 years, focused on providing consultative services to growing businesses seeking capital funding for software, equipment, vehicles, aircraft, facilities and main banking lines. Mr. Senter graduated with a BS, Business Administration from the University of South California, and is a member of the CLFP Foundation, and the Equipment Lease and Finance Association.

David Kivitz, CEO of XS Financial commented, “Both Jim and Ken have been excellent additions to the XS team providing sound knowledge of the finance and leasing world. Each brings a unique skill set that assisted with securing our larger customers like PharamCann. As we start to work with higher quality businesses conducting larger transactions, we will rely on the in-depth experience and infrastructure that Jim and Ken bring to the table. Combined, these two have over 60 years of leasing experience.

The Company also announces that in connection with a previous contract with a third-party service provider, XS has agreed to issue an aggregate of 119,047 common shares of the Company to satisfy a debt obligation for services rendered, as approved by the Canadian Securities Exchange.

About XS Financial

Founded in 2017, XS specializes in providing equipment leasing solutions in the United States to owner/operators of cannabis and hemp companies, including cultivators, oil processors, manufacturers, testing laboratories, among others. In addition, XS 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 XS stakeholders.

Visit www.xsfinancial.com for more information or contact XS Financial at:

David Kivitz
Chief Executive Officer

Antony Radbod
SVP, Sales and Marketing

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