

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

XS FINANCIAL ANNOUNCES UPSIZING OF ITS PREVIOUSLY ANNOUNCED PRIVATE PLACEMENT LED BY GRAVITAS SECURITIES AND CANACCORD GENUITY FOR \$7 MILLION DUE TO STRONG INVESTOR DEMAND

LOS ANGELES, CA, February 16, 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 that it has amended the terms of its previously announced private placement offering (the "Offering") of units of the Company (the "Units"). Under the amended terms, the Company will offer for sale up to 23,333,333 Units at an offering price of C\$0.30 per Unit, for aggregate gross proceeds of up to C\$7,000,000, subject to increase by up to an additional C\$1,000,000 pursuant to an over-allotment option that has been granted to Gravitas Securities Inc. and Canaccord Genuity Corp. as co-lead agents. Each Unit will consist of one subordinate voting share of the Company and one share purchase warrant (a "Warrant"). Each Warrant will entitle 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. 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.