

**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")
301 - 1665 Ellis Street
Kelowna, British Columbia
V1Y 2B3

Item 2. Date of Material Change

A material change took place effective March 26, 2021

Item 3. Press Release

On March 26, 2021, a news release in respect of the material change was disseminated by the Company.

Item 4. Summary of Material Change

The Company announced that it had issued 1,880,180 stock options under the terms of the Omnibus Securities Compensation Plan of the Company at an exercise price of \$0.33 CAD, for a term of 5 years. Additionally, the Company issued 279,059 subordinate voting shares at a deemed price of \$0.37 CAD per share to outside Consultants to settle outstanding debt.

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

David Kivitz

Item 9. Date of Report

DATED at Toronto, in the Province of Ontario, this 29th day of March, 2021.

SCHEDULE "A"

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

XS FINANCIAL ANNOUNCES SHARE ISSUANCES

LOS ANGELES, CA, March 26, 2021 – XS Financial Inc. ("**XS Financial**", "**XSF**" or the "**Company**") (CSE: XSF), a specialty finance company providing scalable equipment leasing solutions to cannabis and hemp companies in the United States, announces that it has issued 1,880,180 Options ("**Options**") granted under the terms of the Omnibus Securities Compensation Plan of the Company at an exercise price of \$0.33 CAD, for a term of 5 years. Additionally, the Company has issued 279,059 subordinate voting shares ("**Shares**") at \$0.37 CAD to outside Consultants to settle outstanding debt. The Shares are subject to a statutory hold period expiring on July 27, 2021.

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 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 Company's anticipated use of proceeds, expectations regarding the Company's future operations, the scaling of its leasing portfolio and the funding commitments of the Company and the ability to capitalize on such and the timing thereof. In connection with the forward-looking information contained in this news release, the Company has made assumptions that the Company's financial condition and development plans do not change as a result of unforeseen events, and that the Company will receive all required regulatory approvals, including the final approval of the Canadian Securities Exchange, for the Offering.

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 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.