

XS FINANCIAL CLOSES \$24 MILLION CREDIT LINE WITH NEEDHAM BANK

LOS ANGELES, CA, August 18, 2022 – XS Financial Inc. (“XS Financial”, “XSF” or the “Company”) (CSE: XSF) (OTCQB: XSHLF), a specialty finance company providing CAPEX and equipment financing solutions to cannabis companies in the United States, announced today that it has entered into a new \$24 million line of credit (“Credit Facility”) with Needham Bank committing \$20 million and acting as the administrative agent. XS Financials’ existing \$4 million line of credit with an FDIC-insured bank will be retired, and the same bank will participate \$4 million in the new Credit Facility. In addition, XSF fully retired its previously announced \$15 million line of credit with the Garrington Group concurrently with the closing of this Credit Facility. All figures are in US Dollars.

The Credit Facility has a term of two (2) years, expiring August 2024. Loans made under the line of credit will bear interest at an annual rate equal to the Wall Street Journal Prime rate plus one percent (1.0%), with a floor of six percent (6%), and may be prepaid with no penalty at any time.

XS Financial intends to use loan proceeds, together with cash on hand, to fund additional CAPEX and equipment leases with new and existing customers.

David Kivitz, CEO of XS Financial commented: “We are pleased to be working with Needham Bank, who is building one of the premier banking platforms for the U.S. cannabis market. This Credit Facility provides XS Financial with greater financial flexibility and positions us for long-term success. Our ability to close this Credit Facility with Needham Bank with favorable pricing and terms speaks to our financial strength and the growing number of high-quality customers we support, including several of our industry’s largest companies. Additionally, with many capital sources in the industry experiencing a near-term pullback in financing, we are thrilled to continue funding our target borrowers at scale for their critical expansion projects.”

James Daley, SVP – Director Structured Finance of Needham Bank commented: “This Credit Facility will allow XS Financial Inc. to continue to grow their business and set them up with the funding they need to continue providing CAPEX financing solutions to cannabis companies in the US. It has been a pleasure working with their team on closing this line of credit, and I look forward to building a rewarding relationship with XS Financial for many years to come.”

Joseph Campanelli, Chairman, President & CEO of Needham Bank commented: “Needham Bank is excited to once again be serving the cannabis sector by providing lending to XS Financial. This Credit Facility is a strong indication of James’ and our lenders’ ability to offer credit solutions tailored to the unique needs of a company and underscores the strength of our nationwide banking platform in the fast-growing cannabis market.”

About Needham Bank

Needham Bank offers an array of tech-forward products and services that businesses and consumers use to manage their financial needs. We have the financial expertise typically found at much larger institutions and the local knowledge and commitment you can only find at a community bank. Known as the “Builder’s Bank,” Needham Bank has been helping individuals, businesses and non-profits build for their futures since 1892. For more information, please visit <https://www.needhambank.com/>. Needham Bank is a member of FDIC and DIF.

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 250 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.

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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, 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. 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.