

XS FINANCIAL ANNOUNCES ACQUISITION & CANCELLATION OF DEBENTURES

LOS ANGELES, CA, October 23, 2023 – 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 completed the repurchase and cancellation of certain of its unsecured convertible notes ("**Notes**") which were originally issued on October 28, 2021 and October 10, 2022 (the "**Note Repurchase**"). The Notes were originally issued to various holders in the aggregate principal amount of US\$43.5 million, together with one share purchase warrant (a "**Warrant**") for every US\$2.00 principal amount of Notes. The Note Repurchase was effected with respect to one Note in the principal amount of US\$3,118,926.06 as at September 30, 2023 which was repurchased and cancelled by the Company in consideration of a cash payment by the Company in the aggregate amount of US\$2,931,790.50 in satisfaction of all principal and interest due and owing thereunder. Also in connection with the Note Repurchase, an aggregate of 1,500,000 Warrants were cancelled for no additional consideration.

In addition, the Company also announces that it has acquired and cancelled one of its outstanding 10% convertible debentures due September 11, 2024 in the aggregate principal amount of Cdn\$140,000 .

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.