

XS FINANCIAL ANNOUNCES REPAYMENT OF UNSECURED CONVERTIBLE NOTES

LOS ANGELES, CA, JUNE 14th, 2024 – XS Financial Inc. ("XS Financial", "XSF" or the "Company") (CSE: XSF) (OTCQB: XSHLF), a leading equipment finance company to the cannabis industry in the United States, announced today that it has fully repaid its outstanding unsecured convertible notes ("**Notes**") which were issued on October 28, 2021 and October 10, 2022 (the "**Note Repayment**"). 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, with each Warrant being exercisable to acquire one subordinate voting share of the Company at an exercise price of Cdn\$0.45 in accordance with the terms thereof. Certain of the Notes were subsequently repurchased and canceled by the Company, and the Company has now fully repaid the balance of principal and interest owing under all remaining Notes in the aggregate amount of US\$40,753,454.87, effective as of June 13, 2024. In connection with the Note Repayment, Mr. Bryan Karen has resigned as a director of the Company effective June 13, 2024. Mr. Karen served as the board nominee of a large institutional investor which was a holder of the Notes prior to the Note Repayment.

The Warrants that were issued in conjunction with the Notes remain outstanding.

About XS Financial

Established in 2017, XS Financial specializes in providing equipment financing solutions to both cannabis and non-cannabis companies across various industries in the United States. Over the years, XS Financial has partnered with more than 250 original equipment manufacturers (OEMs) through our network of Preferred Vendor partnerships. This robust ecosystem offers an end-to-end solution for clients, resulting in recurring revenues, strong profit margins, and a proven business model for XS Financial 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.