

XS FINANCIAL TAKEN PRIVATE BY MAVIK CAPITAL AND AXAR CAPITAL

Mavik and Axar Join Forces to Accelerate and Diversify XS's Equipment Financing Business

Transaction Positions XS for Continued Growth Amidst Increased Demand for CAPEX Financing

LOS ANGELES, CA / ACCESSWIRE / September 30, 2024 / XS FINANCIAL INC. (CSE:XS) ("XS" or the "Company") today announced the closing of its agreement (the "Transaction") to be taken private by Mavik Capital Management ("Mavik"), a multi-strategy investment firm with a flexible strategy across hard assets, and Axar Capital Management LP ("Axar"), a value-oriented alternative asset management firm focused on North American middle market opportunities.

The Transaction establishes XS as a private company and positions it to expand its platform in the growing equipment financing space. With the deep lending expertise and collective resources of both Mavik and Axar, XS will be able to further scale and diversify its offerings to provide flexible financing solutions that meet the evolving needs of middle-market U.S. businesses across a variety of industries.

Vik Uppal, Founder and CEO of Mavik, commented:

"With the U.S. equipment finance industry now a trillion-dollar industry, we see a substantial opportunity ahead for XS given its attractive portfolio, robust network of borrower and vendor relationships, and the beneficial supply-demand dynamics across its growing segment of the middle market. This transaction was a natural fit for Mavik because it not only closely aligns with our strategic focus on credit investments in the hard assets space, but it also represents a synergistic addition to our ecosystem that will benefit both Mavik and XS lending partners. We look forward to collaborating with the XS Team as we build on the solid foundation they have established over the past seven years and explore new growth avenues together."

Andrew Axelrod, Founder and Managing Partner at Axar, commented:

"XS is at a critical inflection point in its growth trajectory, and we believe it will be better positioned to capitalize on the opportunities ahead in the robust equipment finance market as a private company. Together with Mavik, we will be able to leverage our collective experience and expertise to help XS further diversify its customer base while building on its long-standing borrower and vendor relationships."

David Kivitz, CEO of XS, commented:

"We are thrilled to partner with Mavik and Axar, two experienced credit investors with a strong history of collaboration and innovation that makes them the ideal partners for XS. Both Mavik and Axar bring a deep understanding of the unique needs of our borrowers, coupled with exceptional track records in middle-market investing, which will differentiate us for our customers, partners and team moving forward. As a private company, we will now have the flexibility to scale our business and expand into new verticals, capitalizing on the growing demand for CAPEX financing in the market."

XS previously [announced](#) that it had entered into a definitive agreement to be taken private on June 24, 2024, and the Transaction was [approved](#) by XS securityholders at the Company's general and special meeting held on September 9, 2024 (the "Meeting"). For further details, please refer to the management information circular of XS dated August 2, 2024 in respect of the Meeting and the press releases of XS dated June 24 and August 29, 2024, all available at SEDAR+ online at www.sedarplus.ca.

Under the terms of the Transaction, Mavik and Axar acquired all of the issued and outstanding subordinate voting shares ("SV Shares") and proportionate voting shares ("PV Shares") of XS for a cash purchase price of Cdn\$0.05265 per SV Share and Cdn\$52.65 per PV Share. All stock options and share purchase warrants outstanding immediately prior to the effective time of the Transaction were automatically cancelled without

any payment to the holders. The Transaction was effected by way of a court-approved plan of arrangement under Section 288 of the *Business Corporations Act* (British Columbia).

As a result of the closing of the Transaction, XS's subordinate voting shares (XSF) will be delisted from the Canadian Securities Exchange and the OTCQB.

Advisors

Compass Point Research & Trading LLC and Gramercy Capital Group, LLC (through INTE Securities LLC, member FINRA/SIPC) acted as financial advisors to XS. Fogler, Rubinoff LLP and Michael Bluestein acted as legal advisors to the XS.

Alston & Bird LLP served as legal advisor to Mavik, and Schulte Roth & Zabel LLP and Blake, Cassels & Graydon LLP served as legal advisors to Axar.

About XS Financial

Founded in 2017, XS specializes in providing middle-market businesses with competitively priced, non-dilutive CAPEX and equipment financing. XS 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 XS stakeholders. For more information, visit: www.xsfinancial.com.

About Mavik Capital Management

Mavik is a next-generation, multi-strategy investment firm built to deliver long-term outperformance. Founded by Vik Uppal to Build Different, Mavik has an expansive strategy that is grounded in real estate and hard assets and views the world through a credit lens. The firm strives to simultaneously create successful outcomes for its universe of stakeholders – investors, borrowers, and employees. Since its inception, Mavik has deployed over \$3 billion in capital and realized more than 110 investments across 40+ states. For more information, please visit www.mavikcapital.com and [LinkedIn](#).

About Axar Capital Management LP

Axar Capital Management LP is a value-oriented investment firm focused on highly flexible, opportunistic investing in the corporate middle market. Axar's investment team focuses on opportunities across the capital structure in complex situations as a provider of debt and equity solutions that allow its management teams and portfolio companies to realize their long-term value potential. For more information, please go to www.axarcapital.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 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", "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 statements and information are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of XS to be materially different from future results, performance or achievements expressed or implied by such statements or information. There can be no assurance that such statements or information will prove to be accurate. Such statements and information are based on numerous assumptions, including assumptions regarding the potential future scaling and diversification of XS's operations.

Although XS believes that the forward-looking statements in this press release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking information or statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Events or circumstances could cause XS's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements.

Furthermore, the forward-looking statements and information contained herein are made as of the date of this document and XS does not undertake any obligation to update or to revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements and information contained herein are expressly qualified by this cautionary statement.