

XIGEM TECHNOLOGIES CORPORATION

FORM 51-102F3 MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Xigem Technologies Corporation (the “Company” or “Xigem”)
2704 – 401 Bay Street
Toronto, Ontario
M5H 2Y4

Item 2: Date of Material Change

October 29, 2021.

Item 3: News Release

A news release was issued and disseminated on November 1, 2021 and filed on SEDAR at www.sedar.com, a copy of which is attached hereto as Schedule “A”.

Item 4: Summary of Material Change

The Company announced that it has entered into a letter of intent (“LOI”) with 2747524 Ontario Inc. o/a Cylix Data Group (“Cylix”) to acquire certain assets of Cylix.

Item 5.1: Full Description of Material Change

On October 29, 2021 the Company announced that it has entered into a letter of intent with 5747524 Ontario Inc. o/a Cylix Data Group (“Cylix”) to acquire certain assets (the “Purchased Assets”) of Cylix (the “Acquisition”).

Summary of the Acquisition:

The Company entered into the LOI with intention to acquire the Purchased Assets from Cylix. Pursuant to the LOI, the Company agreed to pay Cylix aggregated consideration of \$32,350,000 which will be satisfied through the issuance by the Company of an aggregate of 64,700,000 units of the Company (the “Units”). Each Unit will comprise of one common share in the capital of the Company (“Purchaser Shares”) and one-seventh (1/7) of one (1) common share purchase warrant of the Company (each whole warrant, “Warrant”) exercisable at a price of \$0.60 for a period of two years for the purchase of one (1) Common Share. The Purchaser Shares, Warrants, and Purchaser Shares underlying the Warrants (collectively, the “Consideration Securities”) will be subject to a hold period of four months and one day from the closing of the Acquisition (the “Closing Date”) and (i) 50% of the Consideration Securities will be subject to a contractual restriction on resale pursuant to which the holders thereof will not be permitted to trade such Consideration Securities for 6 months following the Closing Date, and (ii) 50% of the Consideration Securities will be subject to a contractual restriction on resale pursuant to which the holders thereof will not be permitted to trade such Consideration Securities for 12 months following the Closing Date.

Investor Rights Agreement:

The Company and Cylix also agreed that Cylix will direct the Company to issue the Purchaser Shares to certain third parties (the “Share Recipients”). The Company and the Share Recipients will entered into an investor rights agreement, pursuant to which the Share Recipients will agree to vote on any Purchaser Shares that they then hold in favour of all matters that are put to the shareholder of the Company (“Purchaser Shareholders”) for approval by the Company’s board of directors for a period of two years following the Closing Date, including (i) the election of the directors nominated by the Cylix’s then-current board of directors; and (ii) a consolidation of the issued and outstanding Purchaser Shares, on a consolidation ratio and at a time to be determined by the Company’s board of directors.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 (Confidentiality)

Not applicable.

Item 7: Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8: Executive Officer

For additional information with respect to this material change, the following person may be contacted:

Brian Kalish, CEO

Telephone: 647-250-9824 ext. 4

Email: investors@xigemtechnologies.com

Item 9: Date of Report

This report is dated as of November 3, 2021.

SCHEDULE "A"

Please see attached.



Xigem Technologies Announces Binding Letter of Intent to Acquire Assets of Cylix Data in \$32.35 Million Transaction

Deal Marks Xigem's Expansion into Data Sector and Values Xigem at a 300% Premium to Market

TORONTO, ON, November 1, 2021 – Xigem Technologies Corporation (“Xigem” or the “Company”) (CSE:XIGM; FSE:2C1), a technology provider for the emerging remote economy, today announced plans to acquire the assets and operations of 2747524 Ontario Inc. o/a Cylix Data Group (“Cylix”), a business intelligence company. The Company entered into a binding letter of intent (the “LOI”) on October 29, 2021 to purchase substantially all of the assets of Cylix (the “Business”) for aggregate consideration of \$32.35 million in an arm's-length transaction. The purchase consideration is to be paid entirely through the issuance of securities of the Company, as described in greater detail below. All dollar amounts are quoted in Canadian dollars unless otherwise noted and no finders' fees are payable.

With its proprietary database holding more than 74 million data points over nearly thirty years, Cylix is poised to become one of the leading and most robust aggregators and originators of corporate and personal data in the Big Data market. According to Research and Markets, the global market for Big Data was estimated at US\$70.5 billion in the year 2020, and is projected to reach US\$243.4 billion by 2027, spurred on in large part by the ramifications of the COVID-19 pandemic.¹

Historically profitable and independently valued at nearly \$32 million, Cylix is in the final stages of a near \$1 million upgrade to add intuitive AI functionality for greater monetization and sustained differentiation in its core business of generating customer profiles and business risk scores. Cylix's intellectual property is also flexible enough to easily integrate with Xigem's iAgent and other SaaS-based platforms to place mission critical decision making in the hands of users, seamlessly and instantly.

“The acquisition of Cylix will be transformative for Xigem, both in scale and in the growth opportunities it creates. Data is considered by many to be the world's most valuable resource, and with the emergence of the remote economy, its value has never been greater for consumers and businesses alike,” said Brian Kalish, co-founder and Chief Executive Officer of Xigem. “We are pleased to continue to execute our strategy of adding innovative technologies to our portfolio through a combination of research, development and acquisition.”

Cylix is expected to become a unifying engine that connects and drives other key technologies in Xigem's portfolio. Following the planned integration with Xigem's iAgent CRM platform and FOOi payment app, Cylix will compile comprehensive customer information to assist in allocating resources while also mitigating fraud risk in payment transactions.

Cylix has delivered strong financial results in recent years, with average annual revenues in excess of \$1.75 million and an EBITDA of over \$800,000, generated primarily through its business risk profiling offering. In operation for nearly three decades, Cylix has hundreds of blue-chip clients who regularly benefit from Cylix's continually refreshed proprietary database.

Market demand for Cylix's core business is increasing as organizations use remote economy channels to develop relationships with previously unknown customers. For example, the global fraud detection and prevention market size was US\$19.8 billion in 2019 and is expected to grow to US\$106.7 billion by 2027, exhibiting a compound annual growth rate of 24% during the forecast period.²

"We are thrilled to be joining forces with Xigem, which will unlock significant opportunities to accelerate the growth of Cylix. The unification of our AI technology with Xigem's iAgent platform and FOOi payment app will open new verticals and additional applications that will enable people to make better business decisions," said Mitchell Kahan, Chief Operating Officer of Cylix.

Transaction Details

Pursuant to the terms of the LOI, the Company will purchase the Business for consideration of \$32,350,000 (the "**Transaction**"), to be satisfied through the issuance by the Company of 64,700,000 units (the "**Purchaser Units**") at a deemed price of \$0.50 per Purchaser Unit, with each Purchaser Unit comprised of one common share of the Company (a "**Common Share**") and one-seventh (1/7) of one Common Share purchase warrant (each whole warrant, a "**Purchaser Warrant**"). Each Purchaser Warrant entitles the holder thereof to acquire one additional Common Share of Xigem at a price of \$0.60 for a period of 24 months. The securities issuable under the Transaction will be subject to contractual restrictions on trading, such that 50% may not be traded until six months after the closing of the Transaction, and the remaining 50% may not be traded until 12 months after the closing. The Transaction is expected to close on or about November 30, 2021.

The parties to the Transaction will also enter into an investor rights agreement pursuant to which the recipients of the Purchaser Units will agree to vote any Common Shares that they then hold in favour of Xigem's board of directors for a period of two years, subject to certain limitations.

The Company will appoint a nominee of Cylix to its board of directors, and will also appoint another nominee of Cylix as an observer to its board of directors.

Principals of Cylix will maintain an active role in the business and will provide a cash investment of \$500,000 into Cylix upon closing of the Transaction to fund the completion of the development of its next generation technology. This investment will be non-dilutive and non-encumbering to Xigem. The Company will enter into a management contract with an entity related to certain of the principals, as well as employment agreements with key employees and contractors of Cylix.

The Transaction, including the proposed issuance of Common Shares and Purchaser Warrants, is subject to customary closing conditions including the receipt of any required regulatory and exchange approvals and the execution of definitive agreements.

About Cylix Data Group

Cylix is a B2B business intelligence technology company whose software improves efficiency and increases productivity for business professionals through the supply of information required to implement risk-management and decision-making processes. The Cylix database AI conglomerates, amalgamates, and cross-references seemingly disparate information into a comprehensive customer profile report and score that can be easily understood. For more information, please visit www.cylixdata.com.

About Xigem Technologies Corporation

Established in Toronto, Ontario, Xigem is positioned to become a leading technology provider for the emerging near trillion-dollar remote economy, with software capable of improving the capacity, productivity, and overall remote operations for businesses, consumers, and other organizations. iAgent, the Company's patented technology, and FOOi, its proprietary peer-to-peer mobile payments app, will provide organizations, businesses, and consumers with the tools necessary to thrive in a vast array of remote working, learning and treatment environments, while the Company looks to aggregate a portfolio of innovative technologies capable of disrupting traditional business models.

www.xigemtechnologies.com

Instagram: [@xigemtechnologies](#)
Twitter: [@XigemTech](#)
Facebook: [@xigemtechnologies](#)
LinkedIn: www.linkedin.com/company/xigem-technologies

Further Information

The Company and Cylix will provide further details in respect of the Transaction in due course by way of press release. The Company and Cylix will make available all information as required by applicable regulatory authorities and will provide, in a press release to be disseminated at a later date, the required disclosure. All information contained in this press release with respect to the Company and Cylix was supplied by the parties respectively, for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking statements" within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking statements. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking 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". The forward-looking information and forward-looking statements contained herein include, but are not limited to, statements regarding: the Company's ability to close the Transaction on or about November 30, 2021; the ability of Cylix to become one of the leading and most robust aggregators and originators of corporate and personal data in the Big Data market; the ability of Cylix to finance its intended \$1 million upgrade to add AI functionality to its product offerings; the ability of the Company to continue adding innovative technologies to its portfolio; the ability of Cylix to become a unifying engine that connects and drives other key technologies in Xigem's portfolio; increased market demand for Cylix's products; the ability of the Company to add a nominee of Cylix to its board of directors, and the ability of the Company to obtain CSE approval with respect to the Transaction.

Forward-looking information in this news release is based on certain assumptions and expected future events, namely: the Company's ability to continue as a going concern; the continued commercial viability and growth in popularity of the Company's and Cylix's applications; the Company's ability to continue to develop and acquire revenue-generating applications; continued approval of the Company's activities by the relevant governmental and/or regulatory authorities; the continued development of the Company's and Cylix's technologies; the continued growth of the Company and Cylix; the Company's ability to finance the closing of the Transaction; and the ability of the Company to fulfil the requirements of the CSE in respect of the Transaction.

These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the potential inability of the Company to continue as a going concern; the risks associated with the technology and data industries in general; increased competition in the technology, data and AI markets; the potential future unviability of the Company's and Cylix's product offerings; incorrect assessment of the value and potential benefits of the Transaction; risks associated with potential governmental and/or regulatory action with respect to the Company's activities; risks associated with a potential collapse in the value of data-related services; risks associated with the Company's potential inability to attain board, shareholder and/or regulatory approval with respect to the Transaction; risks associated with the Company's ability to continue generating a profit; the Company's inability to close the Transaction on or about November 30, 2021; the inability of Cylix to become one of the leading and most robust aggregators and originators of corporate and personal data in the Big Data market; the inability of Cylix to finance its intended \$1 million upgrade to add AI functionality to its product offerings; the inability of the Company to continue adding innovative technologies to its portfolio; risk that Cylix will not become a unifying engine that connects and drives other key

technologies in Xigem's portfolio; risks with respect to market demand for Cylix's products; the inability of the Company to add a nominee of Cylix to its board of directors, and the inability of the Company to obtain CSE approval with respect to the Transaction.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.

SOURCE: Xigem Technologies Corporation

On behalf of the Company:
Brian Kalish, Chief Executive Officer

For further information:

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www.xigemtechnologies.com

¹ [Age of Analytics Provides the Cornerstone for the Disruptive Growth & Proliferation of Big Data Technologies](#), Research and Markets, December 2020

² Fortune Business Insights, [Fraud Detection and Prevention Market Size](#), July 2021.