



Xigem Technologies Announces Binding Letter of Intent to Acquire Automotive Shopping and Delivery Platform EAFdigital

TORONTO, ON, November 24, 2022 – Xigem Technologies Corporation (“Xigem” or the “Company”) (CSE:XIGM; FSE:VZ6), a technology provider for the emerging remote economy, today announced that the Company has entered into a binding letter of intent (the “LOI”) on November 23, 2022 to purchase substantially all of the assets of EAFdigital Inc. (“EAFdigital”), an online SaaS-based artificial intelligence-driven automobile shopping and delivery platform (the “Transaction”).

EAFdigital is a fintech-focused solution provider that integrates a wide range of services including agency marketing, information architecture and mining, content creation and design, and lead generation organized to capture, convert and close purchases of automobiles. EAFdigital leverages online social media and data science platforms as well as its proprietary artificial intelligence platform known as EAFAIT.

“We have been working hard to overcome the challenges of the last few months while being steadfastly committed to evolving the business along our regularly stated objectives. The acquisition of EAFdigital could allow us to leverage new markets while adding accretive income, positioning Xigem to further support the best interests of its shareholders,” said Brian Kalish, co-founder and Chief Executive Officer of Xigem. “Like most other sectors, the automotive industry has seen a significant portion of consumer activity shift to online and remote channels. The EAFdigital team has in a short period of time built a unique, proprietary and profitable technology that captures, converts and guides consumers through the entire purchasing process.”

EAFdigital currently operates within a multifaceted and integrated automotive sales, leasing, servicing, finance and warranty provider known as the EAF Group of Companies (“EAF GROUP” or the “Vendor”). EAFdigital acts as the sales engine for all EAF GROUP divisions.

As an integral part of the EAF GROUP, EAFdigital, based on unaudited interim financial information, accounted for: (i) approximately 50% of revenues of the corporate group of \$12 million for the year-to-date from December 1, 2021 to September 30, 2022, (ii) net profits attributed to the division were reported as \$0.5 million for the same time period, and (iii) during the most-recent unaudited quarter, approximately 65% of revenues were attributable to the EAFdigital technology.

Transaction Details

Pursuant to the terms of the LOI, the Company will purchase EAFdigital for a to-be-determined value, satisfied entirely by common shares of the Company (the “Shares”). Value will be further determined upon completion of diligence, and in advance of signing a definitive agreement. The total number of Shares issued to the Vendors of EAFdigital shall not exceed 45% of the issued and outstanding common shares of the Company, to be issued to the Vendors by the Company upon closing of the Transaction. The Shares issuable under the Transaction will be subject to contractual restrictions on trading, such that 50% may not be traded until five months after the closing of the Transaction, and the remaining 50% may not be traded until 10 months after the closing. The Transaction is expected to close in January of 2023.

In addition to the Shares issued to the Vendor, a finder’s fee equal to approximately 10% of the value of the Transaction (the “Finder’s Fee”) will be payable to an arm’s-length party. The Finder’s Fee will be satisfied upon closing through the issuance of additional common shares of the Company.

The parties to the Transaction will also enter into an investor rights agreement pursuant to which the recipients of the Shares will agree to vote any Shares that they then hold in favour of Xigem's board of directors for a period encompassing each of the Company's next two annual meetings of shareholders, subject to certain limitations.

Pursuant to the LOI, EAFdigital will be a wholly-owned subsidiary of the Company and will continue supporting the EAF GROUP for at least 10 years pursuant to a management agreement. The management agreement is expected to form part of the definitive agreements associated with the Transaction and include that EAFdigital will continue to be operated by principals of the EAF GROUP. Closing of the Transaction, including the proposed issuance of Shares, is subject to the parties negotiating and entering into a definitive agreement evidencing the terms of the transaction, and to customary closing conditions including the receipt of any required regulatory and exchange approvals.

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, are intended to provide organizations, businesses, and consumers with the tools necessary to thrive in a vast array of remote working, learning, shopping 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

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LinkedIn: www.linkedin.com/company/xigem-technologies

Further Information

The Company and the Vendor will provide further details in respect of the Transaction in due course by way of press release. The Company and the Vendor 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, any additional required disclosure. All information contained in this press release with respect to the Company and EAFdigital 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 January 30, 2023; the ability of the Company to continue adding innovative technologies to its portfolio, 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 EAFdigital'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 EAFdigital's technologies; the continued growth of the Company and EAFdigital; the Company's ability to finance the closing of the Transaction; and the ability of the Company to secure all necessary regulatory and approvals 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 EAFdigital'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 ability to continue generating a profit; the Company's inability to close the Transaction on or about January 30, 2023 or at all, and on the terms as currently contemplated in the LOI or at all; the inability of the Company to continue adding innovative technologies to its portfolio; risks with respect to market demand for EAFdigital's products; and the inability of the Company to obtain all necessary regulatory and other approvals 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.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

SOURCE: Xigem Technologies Corporation

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