



## Xigem Technologies Signs Definitive Agreement to Acquire AI powered Automotive Shopping Platform EchoDigital

**TORONTO, ON, February 27, 2023** – 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 signed an Asset Purchase Agreement dated February 24, 2023 (the “APA”) with EAF Group of Companies (“EAF GROUP” or the “Vendor”) to purchase substantially all of the assets of EAFdigital Inc. (“EchoDigital”), an artificial intelligence (“AI”) driven, SaaS fueled automobile shopping and delivery platform for the \$1.5 trillion global used automobile market.<sup>1</sup> EchoDigital is being acquired for aggregate consideration of \$892,450 (the “Transaction”). The APA is the definitive agreement governing the Company’s previously announced acquisition of EchoDigital.

EchoDigital, a SaaS employing its proprietary AI, establishes and uses psychological aptitude to qualify a lead and seamlessly match it with the most suitable customer service/sales representative (“CSR”) to complete the sale. EchoDigital is easily scalable, customizable and applicable to almost any CSR-dependent sales system.

“EchoDigital is an innovative technology platform that has demonstrated an ability to harness disparate sources of consumer data to drive tangible business results for the pre-owned automobile dealership it was developed by,” said Brian Kalish, co-founder and Chief Executive Officer of Xigem. “With this Transaction, Xigem is acquiring what it expects to be a stream of accretively profitable revenue as well as the potential to drive further growth by integrating EchoDigital with Xigem’s other proprietary technology; and marketing the platform to other players in the pre-owned automobile market, and other industry verticals.”

EchoDigital currently supports the EAF GROUP, a vertically integrated automobile sales, leasing, servicing, finance and warranty provider. Echo Auto Group, established in 2006, developed and began commercializing EchoDigital for its own use in 2018. Since then EchoDigital has acted as the sales engine for several of the EAF GROUP’s divisions, proving itself to be a cost reduction and sales driving tool. EchoDigital has been responsible for approximately 60% of the EAF GROUP’s overall sales.

On the basis of unaudited financial results for the calendar year ended December 31, 2022, as well as the terms of a management agreement pursuant to the APA, EchoDigital is projecting receiving gross royalties of approximately \$8.2 million, resulting in net royalty revenues of approximately \$0.3 million, on EAF GROUP sales for the calendar year ending December 31, 2023.

### Transaction Details

Pursuant to the terms of the APA, the Company will purchase assets of EchoDigital for consideration of 8,924,495 common shares of the Company (the “Shares”). Based on the closing price of the Company’s common shares on February 24, 2023, the Shares are valued at \$892,450.

The Shares issuable under the Transaction will be subject to the customary four (4) month resale restriction under applicable securities laws as well 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 Shares will be issued upon closing of the

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<sup>1</sup> Source: Research and Markets, January 2023

Transaction, which is expected to occur on or about March 6, 2023, subject to customary closing conditions including the receipt of any required regulatory and exchange approvals.

In addition to the Shares issued to the Vendor, a finder's fee equal to equal to 892,450 common shares of the Company, representing approximately 10% of the value of the Transaction (the "**Finder's Fee**") will be payable to an arm's-length party and subject the customary four (4) month resale restriction under applicable securities laws. The Finder's Fee will be satisfied upon closing through the issuance of additional common shares of the Company.

Upon closing of the Transaction, EchoDigital will be operated as a wholly-owned subsidiary of the Company. Pursuant to a royalty and service based management agreement to be executed on closing by the parties, EAF GROUP will provide management services relating to EchoDigital, while EchoDigital will continue to support the sales efforts of the EAF GROUP, for at least 10 years.

The parties to the Transaction will prior to closing also enter into a voting support and lock-up 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 and management for a period encompassing each of the Company's next two annual meetings of shareholders, subject to certain limitations.

### **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](http://www.xigemtechnologies.com)

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Facebook: @xigemtechnologies

LinkedIn: [www.linkedin.com/company/xigem-technologies](https://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 March 6, 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 EchoDigital'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 EchoDigital's technologies; the continued growth of the Company and EchoDigital; 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 EchoDigital'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 March 6, 2023 or at all, and on the terms as currently contemplated in the APA or at all; the inability of the Company to continue adding innovative technologies to its portfolio; risks with respect to market demand for EchoDigital'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

On behalf of the Company:  
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