

4 April 2023**ASX Announcement**

Clee Capital Fails to Obtain Interim Orders

IOUpay Limited (**IOUpay** or **the Company**) announces that the proceedings commenced against it by Clee Capital Pty Ltd (**Clee**) in the Federal Court of Australia were heard before his Honour Justice Jackman on Monday, 3 April 2023.

Following a contested hearing, his Honour entirely dismissed Clee's application for an interim injunction against the Company. Costs were awarded in favour of the Company.

Clee had sought a range of interim orders, including that:

- the Company be restrained from raising any capital, entering into any loan agreements or otherwise incurring any debts;
- the appointment of an investigator (said to be independent, but also to be nominated by, and acting on behalf of, Clee) to report to the court on the financial affairs and the facts and circumstances giving rise to Clee's alleged causes of action; and
- the delivery up of the Company's hard drives and data servers containing the Company's financial records to Clee's solicitors.

The Court dismissed all of the interim orders sought. His Honour found that Clee's allegations of oppressive conduct are weak, and accordingly Clee had failed to establish a serious question to be tried.

Justice Jackman ruled that there is no evidence that the Board has failed to deal with concerns of shareholders. On the contrary, his Honour stated that the Board has moved quickly to investigate the suspected fraud in its Malaysian operations. This includes the prompt appointment of Crowe Malaysia PLT to conduct an independent forensic audit into the suspect financial transactions.

The Board notes that despite the ruling made in the Company's favour, these proceedings by Clee have had a seriously negative impact on the Company. The Board and management team have been required to devote the majority of their time over the past two weeks to dealing with these legal proceedings.

Further, due to the uncertainty created by the proceedings, the Company has been unable to progress negotiations with potential financiers in a timely manner for the past two weeks. This has seriously hampered the Board's efforts to ensure the ongoing solvency of the Company, which is necessary in order to achieve the reinstatement of the Company's shares to trading on the ASX, which is a priority for the Board.

On top of this, the proceedings have imposed very significant legal costs on the Company. The Company will look to Clee to pay the costs order in its favour as soon as possible.

Accordingly, the legal proceedings commenced by Clee have made it far more likely that the Company will need to undertake a capital raising (debt, equity, or a combination of both) in the near future. In relation to any potential capital raising, the Board reiterates that it will continue to act in the best interests of shareholders, and will do whatever is in its power to avoid the risk of insolvency caused by the misappropriation of funds and the legal proceedings commenced by Clee. An equity capital raising would only be undertaken if clearly in the interests of shareholders.

The Board considers that it is clearly in the best interests of shareholders for the Company's solvency to be assured on an ongoing basis. This is also necessary before the Company's shares can be restored to trading on the ASX, which again is clearly in the best interests of shareholders.

The Board will now be able to focus once again on ensuring the financial sustainability of the Company, recovering the misappropriated funds in Malaysia, and continuing the investigation into the apparent fraud. The Board will also progress the revised business strategy outlined in its ASX release dated 28 March 2023.

The release of this announcement was authorised by the Board of the Company and released by the Company Secretary.

Yours faithfully,

IOUpay Limited

Ben Reichel
Company Secretary

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About IOUpay (ASX:IOU):

IOUpay Limited (ASX:IOU) provides fintech and digital commerce software solutions and services that enable its institutional customers to securely authenticate end-user customers and process banking, purchase and payment transactions.

The Company's core technology platform enables large customer communities to connect to end user customers using any mobile device and integrate mobile technology throughout their existing business and customer product offerings. The Company's business divisions consist of Mobile Banking and Digital Payments which service leading banks in Malaysia and large telcos and corporates in Malaysia & Indonesia. IOUpay also works with telecommunication network providers to provided mobile OTT (over-the-top) services that leverage their subscriber base to build active communities.

Forward Looking Statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward-looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of IOUpay and cannot be predicted by IOUpay and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which IOUpay operates. They also include general economic conditions,

exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of IOUpay or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements. Statements about past performance are not necessarily indicative of future performance.