

22 March 2023

ASX Announcement

Legal Action by Clee Capital

IOUpay Limited (**IOUpay** or **the Company**) announces that it has been served with legal proceedings in the Federal Court of Australia by Clee Capital Pty Ltd.

Clee Capital is a shareholder of the Company and is representing the group of shareholders seeking to remove the Board and install its own nominated directors. As announced by the Company on 7 March 2023, those shareholders hold 5.08% of the Company's shares.

Clee Capital seeks a number of orders, including orders that:

- the Company be restrained from making any payments or incurring any liabilities other than in the ordinary course of business;
- the Company hand over all of its hard drives and data servers to Clee Capital's lawyers;
- the appointment of an independent investigator into the financial affairs of the Company; and
- a receiver and manager be appointed to all of the Company's property.

The legal claim includes a witness statement by Kenneth Kuan Choon Hsuing, the Company's former CFO who was dismissed on 11 March 2023. Mr Kuan is assisting Clee Capital in this legal action. As noted in the Company's "Market Update" released earlier today, Mr Kuan is currently being investigated by the Malaysian police in relation to the suspected significant fraud involving misappropriation of the Company's funds. Accordingly, there is already an independent police investigation on foot into the recent financial affairs of the Company's Malaysian subsidiary.

The orders sought by Clee Capital, if granted, would prohibit the Company from obtaining a loan or any other capital injection. As explained in the Market Update, although the Board is currently of the view there is enough cash available to support operations, it is also of the view that it would be prudent to investigate the options available for either a loan or capital raising to assist with cash flow in the short term. The orders sought by the applicants would restrain the Board from pursuing these options.

The orders sought by Clee Capital, with support from Mr Kuan as a witness, would also hinder the Company's ability to assist the Malaysian police in their investigation into the suspected fraud.

The Company will be resisting the application today but will also otherwise provide regular updates about the investigations into the suspected fraud, and the steps being taken to recover misappropriated funds, optimise the cost base of the business in Malaysia, and obtain limited funding to assist with cash flow while these steps are taken.

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

Investor Enquiries: relations@ioupay.com

Media Enquiries:

Marietta Delvecchio
+61 413 479 721
Media & Capital Partners
marietta.delvecchio@mcpartners.com.au

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 provide 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.