

**IOU Financial Inc.
PRESS RELEASE**

**IOU Financial Board Of Directors Unanimously Recommends that Shareholders REJECT
Qwave's Unsolicited Inadequate Partial Offer**

- IOU board and management poised to deliver sustainable long term shareholder value, Qwave offer puts that at risk.
- Qwave's partial offer significantly undervalues IOU's market position, assets, brand presence, and long-term business prospects.
- Qwave's track record is unknown and they have not articulated a credible plan for IOU.

Montreal, Quebec, July 10, 2015 – IOU Financial Inc. (TSX Venture Exchange: IOU) ("**IOU**" or the "**Company**"), a leading online lender to small businesses, announces today that its Board of Directors (the "**Board**") has carefully reviewed and considered the unsolicited partial takeover offer from Qwave Capital LLC ("**Qwave**") for the purchase of 34,000,000 outstanding common shares (the "**Common Shares**") of IOU (representing approximately 55.3% of the issued and outstanding Common Shares at the date hereof (50.4% of Common Shares on a fully-diluted basis) at a price of \$0.50 per Common Share (the "**Qwave Partial Offer**") and has received the benefit of advice from the Company's financial and legal advisors. The Board unanimously recommends that IOU shareholders ("**Shareholders**") **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares. Shareholders who have already tendered their Common Shares should **WITHDRAW** them immediately.

"We take our responsibility to you, our Shareholders, seriously and this is why the Board unanimously recommends that you **REJECT** this opportunistic and financially inadequate unsolicited partial offer which fails to recognize the full value of your Company and its growth story. This partial offer is a coercive attempt by Qwave to gain control of your Company and capture its upside potential, without offering you an appropriate control premium", stated Evan Price, Chairman of the Board.

"IOU has a bright future ahead, this offer undervalues our strong market position, growing brand presence in the United States, as well as our future earnings and growth. The Board and management of IOU believe that the Company is well positioned to deliver sustainable long term shareholder value – and as such, each of IOU's directors and officers will reject the Qwave Partial Offer and not tender their Common Shares," continued Mr. Price.

Board Reasons for Rejection

In unanimously concluding that the Qwave Partial Offer is inadequate and not in the best interests of IOU and Shareholders, the Board identified a number of factors, including the following:

- **The Qwave Partial Offer Significantly Undervalues IOU's Market Position, Assets, Brand Presence and Long-Term Business Prospects.** The Board believes the Qwave Partial Offer does not reflect the underlying and long-term value of IOU's assets and businesses and provides inadequate value to Shareholders as the business of IOU is poised to undergo a significant transformation with respect to how it is funded. This is due to the business now having the scale and experience to allow for additional (lower-cost) on-balance-sheet funding that will significantly enhance the earnings profile of the assets under management by IOU. The Company has consistently been an industry leader, and continues to build momentum. IOU's proprietary platform has enabled it to fund over \$200 million in small business loans, leveraging technology to provide a faster and more efficient loan process.
- **The Qwave Partial Offer is Financially Inadequate.** IOU's financial advisor, Raymond James Ltd. ("**Raymond James**"), has delivered an opinion that the consideration offered pursuant to the Qwave Partial Offer is inadequate, from a financial point of view, to the Shareholders. The Board has instructed Raymond James to explore alternative transactions to the Qwave Partial Offer. The Board intends to use the time provided by IOU's shareholder rights plan, effective as of June 29, 2015 (the "**Rights Plan**"), to vigorously pursue those alternative transactions.

- **The Timing of the Qwave Partial Offer is Opportunistic.** The Board believes that the Qwave Partial Offer was opportunistically made at a time when the Common Shares were trading near their 52-week low.
- **Qwave Has Not Articulated A Credible Plan For IOU's Business.** Qwave claims that the Qwave Partial Offer will help "grow" the Company, The Qwave Partial Offer does not provide for additional financing which could help such claimed growth as the Qwave Partial Offer does not add to IOU's treasury. Qwave has failed to provide any visibility as to any planned changes to IOU's business plan, management or board of directors. It is unclear what benefits, if any, there would be for Shareholders through a successful Qwave Partial Offer. With effective control, it is evident that Qwave can act to its own benefit, however, to the detriment of other Shareholders.
- **Qwave's Track Record is Unknown.** Qwave claims to have a "strong track record of success" at "finding and investing in companies with breakthrough technologies and excellent potential for growth and value creation". IOU is not aware of any previous investments made by Qwave in companies similar to IOU or involved in a similar industry. Therefore, IOU doubts that an investor such as Qwave, which is "focused on physics and materials science", has the expertise or experience needed to "grow the company, increase market share and create value for Shareholders".
- **The Qwave Partial Offer Seeks to Provide Qwave with Effective Control of IOU, without Offering Shareholders an Appropriate Control Premium for the Common Shares Purchased and no Premium for the Common Shares not Purchased.** If successful, the Qwave Partial Offer will in effect remove Shareholders' decision-making rights in connection with, among other things, (i) fundamental changes such as certain acquisitions, mergers, amalgamations or other liquidity events, (ii) election of the Board, and (iii) the declaration of dividends.
- **Qwave's Offer is at a Price Lower than it Has Indicated it Would Pay in the Recent Past.** In respect of its February 2015 private placement offer, Qwave indicated in its press release of June 15, 2015 that it had then offered \$0.58 per Common Share for a NON-CONTROL ownership stake in the Company, which is more than the Qwave Partial Offer of \$0.50 per Common Share for a CONTROL position in IOU. Shareholders should not accept this low-ball offer which in no way reflects a control premium. In addition, Qwave itself has a robust view of IOU's near term prospects as in its February proposal, Qwave was ready to invest in warrants to purchase Common Shares, exercisable over a 36-month period at a price of \$1.16, which is significantly higher than the Qwave Partial Offer of \$0.50 per Common Share.
- **The Qwave Partial Offer is, by its Nature, Coercive: Tendering Shareholders will only Be Able to Sell at Most 55.3% of their Common Shares.** The Qwave Partial Offer is a "partial bid", meaning it is an offer to acquire less than all of the Common Shares, and accordingly, it is not possible for all Common Shares deposited to the Qwave Partial Offer to be taken up and paid for by Qwave (due to proration). Shareholders will have no assurance as to how the balance of their Common Shares will be valued on the TSX Venture Exchange.
- **The Qwave Partial Offer is an Unfettered Right to Walk, Subject to 15 Conditions.** The Qwave Partial Offer is highly conditional for the benefit of Qwave, resulting in substantial uncertainty for Shareholders as to whether Qwave will acquire any Common Shares under the Qwave Partial Offer. The Qwave Partial Offer is subject to 15 conditions, the majority of which are subject to Qwave's determination "in its sole judgment", providing Qwave with an unfettered right to not take up and pay for the Common Shares.
- **The Qwave Partial Offer will have a Material Adverse Effect on the Liquidity of the Common Shares.** The Board believes that the liquidity of the Common Shares after completion of the Qwave Partial Offer will be adversely affected, which may in turn have a negative impact on the trading price of the Common Shares. In the absence of a liquid trading market, the market price of the Common Shares will likely not reflect the fair value of the Common Shares and selling Shareholders may be forced to accept a market price that is not reflective of the fair value of their Common Shares.

- **Risks Associated with Potential Loss of Key Management Personnel and Qwave's Lack of Operating Experience.** The loss of IOU's current management team, or any member thereof, including, without limitation, its President and Chief Executive Officer, Mr. Philippe Marleau, would adversely affect the Company's business and would also deprive IOU of such management's intellectual and operational expertise, which is at the core of IOU's competitive advantage and success. Qwave's lack of experience and expertise in this highly specialized industry, combined with a potential exodus of senior, experienced management of IOU, could adversely affect the value of the residual Common Shares held by shareholders.
- **The Qwave Partial Offer is not a Permitted Bid.** The Rights Plan was adopted by IOU effective on June 29, 2015 in response to the Qwave Partial Offer. Under the Rights Plan, any offer for less than all of the Company's issued and outstanding Common Shares, including the Qwave Partial Offer, will not be considered a "Permitted Bid".
- **Qwave acting in breach of a Confidentiality Agreement with IOU.** Pursuant to a Confidentiality Agreement with IOU dated November 5, 2014, Qwave obtained access to non-public information about IOU. In response to the Qwave Partial Offer, IOU has filed a motion with the Québec Superior Court seeking to prohibit the misuse by Qwave of IOU's confidential information and suspend the Qwave Partial Offer. On July 9, 2015, Justice Riordan of the Québec Superior Court issued an interim order providing "that any acceptance of the Qwave offer to purchase is to be held in trust by the Depositary and Information Agent and not remitted to the Offeror." This interim order shall expire upon judgment by the Québec Superior Court on the motion for a safeguard order to be heard on July 15th, 2015.

Important Shareholder Information

A copy of the Directors' Circular, which sets forth in greater detail the Board's recommendation and the reasons for rejecting the Qwave Partial Offer, is available under the Company's profile on SEDAR at www.sedar.com and is being mailed to all Shareholders. The Directors' Circular is also available on the Company's Website www.ioufinancial.com.

TO REJECT THE QWAVE PARTIAL OFFER – DO NOTHING, DO NOT TENDER
IF YOU HAVE ALREADY TENDERED – WITHDRAW YOUR COMMON SHARES, AS
INDICATED IN THE DIRECTORS CIRCULAR

Any questions or requests for assistance may be directed to IOU at 1-877-419-0934 (toll-free in North America) or investors@ioufinancial.com.

About IOU Financial Inc.

IOU Financial provides small businesses throughout the U.S. access to the capital they need to seize growth opportunities quickly. Typical customers include medical and dental practices, grocery and retail stores, restaurant and hotel franchisees and e-commerce companies. In a unique approach to lending, IOU Financial's advanced, automated application and approval system accurately assesses applicants' financial realities, with an emphasis on day-to-day cash flow trends. It makes loans of up to \$150,000 to qualified applicants within a few business days, with affordable charges favorable to cash-flow management. IOU Financial's speed and transparency make it a trusted alternative to banks. To learn more visit: www.ioufinancial.com.

Forward Looking Statements

Certain information set forth in this news release may contain forward-looking statements. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that IOU expects or anticipates may occur in the future. These forward-

looking statements can be identified by the use of words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. These forward-looking statements reflect management's current views and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be given that any of the events anticipated by such statements will occur or, if they do occur, what benefit IOU will derive from them. A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, risks related to the actions taken by Qwave in connection with the Qwave Partial Offer, risks related to the actions taken by Shareholders in response to the Qwave Partial Offer, risks related to the possible effects of the Qwave Partial Offer on the business and prospects of IOU, risks inherent in growing a new business, dependence on third-party service providers, competition, regulatory risk, dependence on key personnel, risks related to rapid growth of IOU, security and confidentiality risk, risk related to inability to attract borrowers and lenders, technological development risk, IT disruptions, maintenance of client relationships, litigation risk, volatility of stock price, and other factors that are beyond its control. Additional information concerning these and other factors can be found beginning on page 13 under the heading "Risks and Uncertainties" in IOU's management's discussion and analysis dated May 27, 2015, which is available under IOU's profile on SEDAR at www.sedar.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For more information, shareholders please contact IOU at:

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