GoodBox Investor Update June 2022

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To: Daniel Jecan <Daniel.Jecan@ngi.systems>

goodbox
for the future good

Dear Investors,

Further to our last update, we would like to share some additional information which builds on the topics we shared previously.

We wrote to you to say that we had received an Expression of Interest for the acquisition of the company and said that we were exploring whether it was a) viable and in the best interests of shareholders, and b) feasible from a timings perspective before seeking shareholder consent. Further to that update, we concluded that timelines were too short to carry out the required due diligence. Therefore, after much consideration, we received written confirmation from the potential acquirer of that business that such a transaction was not feasible from a timing perspective due to the regulatory approval process required for an FCA authorised business.

In addition, you will also be aware that GoodBox received investment via a CLN under the Future Fund Scheme. Uncertainty around reference valuation conversion points of the CLN resulted in further uncertainty for the company, any potential investment commitments, and/or support from existing shareholders at that time.

We would like to note that our anticipated cash-out date has been extended to the end of June 2022. Whilst we have taken every step to reduce costs and restructure our operations, we would like to inform you that we have taken the difficult but necessary decision to appoint Begbies Traynor to conduct a sale via the Administration process. We are seeking all and any routes to preserving shareholder value at this time. We also wish to make you aware that our suppliers NGi systems are claiming huge sums of liabilities, which we dispute. NGi Systems have issued us with an administration order with a hearing due to take place this Friday. We continue to work to challenge this order and keep you apprised of the situation.

The last few years have been extraordinarily challenging with COVID-19. Since the inception of GoodBox in 2016, technological and product advances have created a new wave of opportunity for us to change the way we operate in order to create a greater positive impact. We are truly proud of the change that we have made in creating a new industry of technological providers for non-profit fundraising. We also significantly value the support and comitment from each and every shareholder, customer, employee and supplier on our journey to date.

In recent months the business explored all options in terms of ongoing financing. However, our governing documents stipulate that we need a 75% shareholder majority to approve debt or equity. Whilst we welcomed and valued the support of many shareholders, we equally recognised the uncertainty created by the CLN; thus we were unsuccessful in gaining the majority of consent required. Furthermore, we recognised that the operational cost base of our current business could be greatly improved with a significant restructure of the business. In order to make the required changes, we need to do a number of things including but not limited to, protecting our creditors, renegotiating supplier contracts with the right suppliers, removing the burden of regulatory compliance through outsourcing of FCA activity and building a competent and incentivised team to drive the growth of the company. In order to address these challenges, we conclude that the necessary course of action is to attempt to take the business through a pre-pack administration such that we can create the right foundation for the future.

This of course is not a decision that we have taken lightly and we recognise the significant potential impact of such action. However, we do conclude that the rewards outweigh the risks and offer an alternative to liquidation in the event of not being able to secure debt or equity. Finally, we are working to ensure that in any scenario we preserve continuity of services for our clients and or protect their best interests.

We are doing all that we can at this present time to find another solution, and in the intervening period, we will provide you with additional updates as advised by Begbies Traynor. See here the marketing materials for the business which include contact details for Begbies Traynor (Angela O'Brien: aobrien@btgadvisory.com) should you wish to contact Begbies Traynor directly with any expression of interest.

On a positive note, we anticipate a number of expressions of interest over the coming days as we go on to market. This may also include a proposal which, if supported by Begbies Traynor, offers current shareholders of GoodBox the opportunity to obtain an interest in the business post restructure.

We will be in touch again soon and thank you for your understanding through these challenging times. Despite these extenuating circumstances we remain hopeful of a beneficial outcome and would like to express extreme gratitude to our highly resilient and committed team who continue to work tirelessly to support GoodBox at this time.

Best wishes

David White & Francesca Hodgson
