Dear Stakeholders of GoodBox,

We are writing to you as a follow up to the Practice Statement Letter dated the 15th of September 2022, regarding the Restructuring Plan for GoodBox (The Good Box Co Labs LTD, in Administration).

The referenced Practice Statement Letter can be found at the link below:

https://www.ngi.systems/GoodBox/NGi-Systems_PSL_GoodBox_Rescue_2022.09.15.pdf

Please be advised that Walker Morris LLP are advising NGi Systems on legal aspects of the Restructuring Plan going forward. Quantuma Advisory Ltd remain engaged and will be Plan Administrators if the Restructuring Plan is sanctioned.

This letter explains changes to the Restructuring Plan based on further engagement with the Administrators, key creditors as well as the FCA, alongside further legal advice received.

We are seeking further feedback from the major creditors before finalising the formal Plan Documents and preparing the evidence for the Convening Hearing.

1. Status of the Administration

1.1 With the benefit of funding provided by NGi Systems the Company has continued to trade in administration and service all its customers without disruptions.

1.2 On the 29th of September 2022, the Administrators contacted NGi Systems requesting further funding of the Administration. This has been agreed by extending the existing funding of £350,000 by an additional £100,000. The purpose of the additional funding is to allow the Company to continue to trade whilst the proposed rescue plan of NGi Systems is developed. The funding extension was formally agreed on the 12th of October 2022. The additional funding ranks as an administration expense and is additionally secured by the security granted by the Administrators on the 28th of July 2022.

1.3 Up until the time of writing other than our proposed Restructuring Plan, there is no proposal by the Administrators or any third party to rescue the Company as a going concern, or any formal or credible proposal to rescue its business, which would include continuity of products and services to GoodBox customers.

1.4 Based on current forecasts and the Administrators' anticipated costs and expenses, the additional funding of the Administration will allow the Company to continue to trade until the 15th of November 2022. If this funding had not been provided, we understand that the Administrators would have taken steps for a "*swift shut down*" of the Company's business.

1.5 As indicated by the Administrators' proposals and recently filed statement of affairs on Companies House, in a shutdown scenario, it is unlikely that there will be any return to creditors, subject to further investigations and subsequent recoveries, if any, arising as a result.

2. Engagement with the FCA

2.1 The FCA guidance regarding restructuring plans indicates that companies should engage with the FCA as early as possible at the stage of plans being considered, to allow the FCA to raise concerns or objections. This guidance can be found below: https://www.fca.org.uk/publication/finalised-guidance/fg22-4.pdf

2.2 From the outset and in accordance with the FCA's public guidance, NGi Systems engaged with the FCA to allow the FCA to raise any concerns or objections.

2.3 NGi Systems shared the Practice Statement Letter with the FCA as soon as it was finalized. The FCA acknowledged the letter and subsequent follow-ups. No concerns or objections were received to date. NGi Systems continues to stand ready to address any question or concern the FCA may raise, based on the Plan Documents as they are finalized.

2.4 NGi Systems had written to the Administrators about various aspects of the proposed restructuring plan, such as a suggested class structure of creditors, since as far back as the 6^{th} of July 2022. No introductions to the FCA were facilitated by the Administrators for NGi Systems.

2.5 The changes to the plan explained in this letter do not have any impact on products or services of GoodBox and are not expected to affect customers in any way.

2.6 We and our advisers have now sought additional clarity from the Administrators and their own regulatory specialist (Patricia Sanjurjo) in relation to the Administrators' position as regards the FCA:

a. the Administrators have not discussed any aspect of the Restructuring Plan proposed by NGi Systems with the FCA;
b. it follows that the Administrators have not received any negative feedback (or any feedback at all) from the FCA regarding NGi Systems or Tibor Barna, nor their involvement with the Company going forward as proposed in the Practice Statement Letter;
c. to the extent that the Administrators have regulatory concerns, they relate to the historic operation of certain aspects of the Company's business, rather than the business going forward;
d. those concerns principally relate to certain governance issues, for example risk assessments, appointment of external auditors etc., rather than any fundamental issues which cannot be rectified (it being noted that the FCA has permitted the Company to continue to trade in Administration);

2.7 We are advised that any outstanding regulatory concerns are matters that can be addressed under the supervision of the Plan Administrators, who are independent licensed Insolvency Practitioners.

2.8 Notwithstanding the above, the interests of NGi Systems in the Company going forward, are further clarified in the revised proposed structure as set out below.

3. Engagement with other Stakeholders

3.1 Our current understanding is that, provided any FCA comments are addressed and subject to viewing the proposed Restructuring Plan documents, the Administrators are supportive of our proposal, as it attempts achieves the going concern rescue of the Company. Given the alternative is a shut-down of the business / firesale of assets, the likelihood of no return to any unsecured creditors and very significant problems for the UK charity sector, it would be surprising if this was not their position.

3.2 In addition to the British Business Bank and FCA, NGi Systems shared the Practice Statement Letter with Q Invest, as the other major unsecured creditor. Q Invest requested materials relating to the proposed corporate documents and the financial plan that are due to be covered in the Restructuring Plan witness statement and explanatory statement.

3.3 At this time, we have not circulated details of the proposed Restructuring Plan with any other party, instead requested that the Administrators circulate the Practice Statement Letter to all creditors and shareholders of GoodBox. To the best of our knowledge, this circulation has not yet taken place. No creditor or other stakeholder has contacted us to discuss its details.

4. Principle Revised Terms

4.1 Following further discussions with counsel and the rescue funders, we have revisited the proposed stakeholder categories as set out below. The equity distribution will be achieved by issuing ordinary shares such that the resulting allocated number of shares reflects the distribution presented in this letter. Within each class the distribution will be proportional to the respective quantum of the members of the class.

4.1 **Historical Shareholders**.

4.1.1 The equity currently has no value. However, we are advised that to constitute a compromise or arrangement under Part 26A of the Companies Act, the existing shareholders should be given some rights against the Company under the Restructuring Plan. On that basis, the proposal is that the existing shareholders will be given 1% of the equity of the post-restructuring equity structure.

4.2 **Commitment Claimants**.

4.2.1 To simplify the Restructuring Plan and ensure that these claimants do not receive equity for claims that were indicated to be disputed by certain members of the pre-Administration Board of the Company, these claims will be duly adjudicated as trade creditor claims as they all arise from the supplier relationships the repetitive claimants had with the Company.

4.2.2 If the dispute mechanism upholds the claims of the Commitment Claimants, the terms of the Restructuring Plan will provide for the deferral of payment by up to three years.

4.3 **Trade Creditors**.

4.3.1 All debts owed to trade creditors will be paid in full on the basis that the Company's ability to trade going forward is dependent on their payment. Any historic debt owed to suppliers that was disputed by the Company's previous management will be adjudicated by the Plan Administrators (with the benefit of independent legal advice if necessary).

4.4 **Convertible Loan Holders.**

4.4.1 This class will share a combined 14% of the post-restructuring equity structure. The equity distribution will be achieved by converting the outstanding indebtedness into ordinary shares with the allocation being shared pro-rata to the outstanding indebtedness.

4.4.2 We are advised that the outstanding indebtedness to Q Invest is disputed because, broadly, there are potentially claims against Q Invest, including in relation to the Gateway transaction, in excess of the outstanding indebtedness in relation to the convertible loan. To address this, the Plan Administrators (with the benefit of independent legal advice if necessary) will adjudicate Q Invest's claim, and the Restructuring Plan will provide for any allocation of shares to Q Invest to be conditional on the outcome of that adjudication. Any shares not awarded to Q Invest as a result of the adjudication will be returned to the company treasury.

4.5 **Rescue Funders.**

4.5.1 Due to the extended funding needs of the Administration the amount of rescue funding is being increased from the previous £600,000 to £800,000. Under the revised terms this class will share a combined 85% of the post-restructuring equity structure.

4.5.2 The long-term intention of NGi Systems is to hold less than 10% equity in GoodBox. It will gradually sell down its current holding that arises as part of executing and facilitating the rescue of GoodBox.

4.5.3 For disclosure, the composition of the rescue funding is at the time of writing comprised as follows:

4.5.3.1 Existing GoodBox Shareholders (13 in total): £426,000
4.5.3.2 NGi Systems – Reserved: £150,000
4.5.3.3 NGi Systems – Available: £224,000

4.5.4 The "NGi Systems – Available" amount is currently held by NGi Systems but parts of it are under various stages of discussions with other funders who are seeking to subscribe to the rescue effort. As agreements are reached, the composition will be updated with the blocks from the available amount being re-allocated to the respective new funders.

4.5.5 For additional disclosure, the majority of the "NGi Systems – Available" amount is under advanced discussion to be taken up by TipTap, the North American comparable of GoodBox, who are evaluating a strategic partnership with GoodBox that would enable the access of GoodBox products into the North

American market. TipTap have already expressed their intention for a strategic investment in GoodBox prior to the Administration Order being granted as per the documents disclosed in Court.

4.6 **Other Matters**.

4.6.1 Save for the revised terms noted above, the terms of the proposed Restructuring Plan remain broadly as per the Practice Statement Letter. In particular, a new board will be appointed, the details of which will be provided with the Restructuring Plan documents, but we can confirm that it will not include any representative of NGi Systems or any current director, save for the current CEO, David White.

4.6.2 The Administrators provided the feedback to NGi Systems that explicitly already nominating further one or two independent directors would be helpful for the plan as it would strengthen the governance of GoodBox. This feedback was taken onboard, and the process to identify appropriate directors is ongoing. No other feedback was provided by the Administrators in relation to the plan.

5. **Next Steps**

5.1 We are currently finalising the Restructuring Plan and have instructed our advisers to draft the necessary Court documents. To the extent that we receive further feedback from the Administrators or the FCA, it will be addressed in due course and any updates will be duly communicated. In particular, we await the Administrators' input into the outcome of the relevant alternative to the plan; however, it is not expected that the outcome of the relevant alternative will result in a better return to unsecured creditors than that provided under the Restructuring Plan.

5.2 Finally, NGi Systems once again reiterates its open and inclusive approach to this rescue and invites anyone interested in participating in co-financing the rescue of GoodBox to reach out and explore this opportunity.

Yours Sincerely,

Daniel Jecan,
Managing Partner
NGi Systems