Dear Creditors and Shareholders of GoodBox,

We are writing to you in this letter, (a Practice Statement Letter) that **requires your immediate attention**, regarding GoodBox (The Good Box Co Labs LTD, in Administration).

We are writing on behalf of NGi Systems (NGI Systems & Solutions Limited) in accordance with the Practice Statement issued by the Chancellor of the High Court in relation to a Scheme of Arrangements under Part 26A of the Companies Act 2006. You can find this at the link below.

https://www.judiciary.uk/publications/practice-statement-companies-schemes-of-arrangement-under-part-26-and-part-26a-of-the-companies-act-2006/

The purpose of this letter is to inform you of:

1. The Restructuring Plan which is being promoted by NGi Systems.
2. The purpose which the Restructuring Plan is designed to achieve and its effect.
3. The meetings of creditors which NGi Systems considers will be required in connection with the Restructuring Plan.
4. The intention of NGi Systems to apply to the Court to seek an order to convene meetings of GoodBox' creditors for the purposes of considering and, if thought fit, approving the Restructuring Plan.
5. Other matters relevant to the Restructuring Plan, including the proposed timetable, the entitlement to attend the convening and sanction hearings in relation to the Restructuring Plan and how you may make further enquiries about the Restructuring Plan.

This letter has been sent to you because you are a creditor or shareholder of GoodBox or because you may have a claim to be a creditor of GoodBox. The fact that you have received this letter does not mean that any such claim as you may have to be a creditor of GoodBox has been accepted. Such claims will require to be adjudicated upon in accordance with the Restructuring Plan (if sanctioned) in due course.

This letter is also being shared with the Financial Conduct Authority (FCA), who's engagement with this Rescue Plan is essential for it to succeed.

NGi Systems is taking professional legal and insolvency advice on these matters. NGi Systems is being advised by Quantuma Advisory Ltd and Pinsent Masons LLP.

This Practice Statement Letter is more extensive than the ones related to previous Part 26A cases, despite GoodBox being a small company with few creditors and simple shareholding structure. This is due to the number of complexities related to GoodBox, such as its regulated status with the FCA, and several other matters that are proposed to be resolved as part of the Restructuring Plan.

You should read this letter carefully. If there is anything you do not understand you should seek legal advice.

Note: This letter was re-issued on the 19th of September 2022 to correct numbering and grammar issues.

Contents

1. Introduction and Context

1.1 NGi Systems is a creditor, shareholder, and well-known key supplier of GoodBox for technology services since its inception. For disclosure, we note that the Founding Partner and Director of NGi Systems, Tibor Barna, also happens to be a Co-Founder and the CTO of GoodBox, though was never a member of the Board. His CTO role was held up until the point the company was subject to legal action for an Administration Order by NGi Systems.

1.2 This letter explains both the outline and the details of a Restructuring and Rescue Plan for GoodBox. The Restructuring Plan aims to achieve an urgent going concern rescue of GoodBox. GoodBox is trading under Administration with the financial support of NGi Systems without which the company would financially collapse. The trading activities of GoodBox are restricted by the FCA with the company not being allowed to take on new clients. GoodBox is still loss-making, so this state needs to be exited with the highest degree of urgency to minimize the deterioration of the value of the company in the interest of creditors.

1.3 The Plan is pending to be submitted as a creditor's application to the High Court pursuant to Part 26A of the Companies Act 2006. This letter is a necessary formality in the process allowing stakeholders to engage with NGi Systems to express questions, concerns, objections, and suggestions to facilitate potential adjustments to the Plan, in a manner to avoid surprise concerns regarding the Plan when it is presented in Court. The intent is for any concerns that may exist to be captured, be responded to, and be presented to the Court, allowing the Judge to make decisions regarding the Plan without needing additional hearings.

1.4 The letter is a formality, as there has been an extensive communication effort over the past months to seek to engage with any stakeholder of GoodBox interested in finding out about the rescue plan of NGi Systems or interested in actively working with NGi Systems to shape and achieve the rescue of GoodBox.

1.5 We refer you to the following reference points for materials regarding the affairs of GoodBox:

1.5.1 2022.04.29 – Shareholder communication by the Board, indicating that a necessary fundraising round for GoodBox did not succeed due to uncertainty in the conversion of the Convertible Loan, a conversion controlled solely by Q Invest Limited, and also indicating that the £5.2m gateway purchased over a year ago (also from Q Invest Limited) was still not signed off as being fit for purpose https://www.ngi.systems/GoodBox/GoodBox_InvestorUpdate_2022.04.29.pdf

1.5.2 2022.06.15 – Shareholder communication by the Board, informing that the company was insolvent, was unable to sell itself to Monek Limited in the available timeframe, and was subject to an Application for an Administration Order by NGi Systems that the Board was fighting, intending instead to sell the GoodBox business in a pre-pack Administration sale https://www.ngi.systems/GoodBox/GoodBox_InvestorUpdate_2022.06.15.pdf

1.5.3 2022.06.17 – Financial Times Top Story of the day article about GoodBox and its questionable gateway purchase from Q Invest Limited, to access public funds, and its pending Administration hearing https://www.ft.com/content/ac44423e-4c15-4d70-bd7d-25c1862398ce

1.5.4 2022.06.25 – Public Letter from NGi Systems prior to the Administration Order, providing more context and outlining a restructuring initiative that, assuming the full collaboration of the Board, would be in the interest of not only creditors but also shareholders https://www.ngi.systems/GoodBox/NGi-Systems_GoodBox_PublicLetter_2022.06.25.zip

1.5.5 2022.06.28 – Administration Order by the High Court; Judgement Notes as taken by NGi Systems https://www.ngi.systems/GoodBox/GoodBox_JudgementNotes_2022.06.28.pdf

1.5.6 2022.07.31 – Public Letter from NGi Systems after Administration stabilization, providing updates, explaining the realities of how a restructuring may look like given the mounting costs and expenses of the Administration, and inviting interest in participating in the restructuring https://www.ngi.systems/GoodBox/NGi-Systems_GoodBox_PublicLetter_2022.07.31.pdf

1.5.7 2022.08.23 – Administrators' Report and Proposals as published on Companies House, explaining the objectives of the Administration, listing the viable exit routes of the Administration as either the restructuring plan championed by NGi Systems or a sale of the business and assets https://find-and-update.company-information.service.gov.uk/company/10272838/filing-history

1.6 The contents of this letter going forward assume familiarity with the materials referenced previously. The Administrators were requested to circulate the public letter from the 31st of July 2022 to all shareholders and creditors. We were advised that the administrators informed the stakeholders that there is a restructuring initiative by NGi Systems and that they can get in touch to find out more without providing more details. We note that there were complaints from multiple shareholders about not having received the communication. NGi Systems communicated to all parties it could reach directly.

1.7 If you cannot access any of the materials, please reach out using the instructions at the end of this letter.

2. What is a Restructuring Plan

2.1 A restructuring plan is a statutory procedure under English law which allows a company to agree a compromise or arrangement with its creditors (or classes of creditors and shareholders), and for the terms of that compromise or arrangement to bind any non-consenting or opposing minority creditors (or classes of creditors and shareholders).

2.2 Where a company is in Administration, a restructuring plan may be proposed by the company or by its Administrators or by a creditor. It is a condition of the proposal of a restructuring plan that the company has encountered, or is likely to encounter, financial difficulties that are affecting or will or may affect, its ability to carry on business as a going concern. GoodBox has been in Administration since 28 June 2022, such that we consider this condition to be satisfied.

2.3 A restructuring plan should have the purpose of eliminating, reducing, preventing, or mitigating the effect of any of the financial difficulties faced by the company. As described further below, if the Restructuring Plan is approved it will allow GoodBox to be rescued as a going concern whilst also ensuring that the creditors of GoodBox receive a better outcome than they would if the GoodBox business were sold under Administration or to go into liquidation.

2.4 If the Court is satisfied at the Convening Hearing that the proposed restructuring plan has a prospect of being approved by the creditors, and that the proposed classes of plan creditors for voting purposes have been correctly constituted, the Court will order the plan meetings for the relevant classes of creditors to be convened.

2.5 The Restructuring Plan that is proposed uses new legislation introduced in 2020 in the UK, specifically the Corporate Insolvency and Governance Act of 2020. In short, this legislation makes it possible to achieve US Chapter 11 Bankruptcy style company reorganizations that were not possible in the UK via CVAs or Schemes of Arrangements. So far, the legislation was mostly used on large companies with one recent case applied to an SME and one case where the procedure was undertaken with a company under Administration.

2.6 Applying this to GoodBox, an SME under Administration with an application by a creditor, while permitted by the legislation, does not yet have precedent. You can find below a government review of the legislation, which also explains its intent and mechanics, that indicates that this procedure is intended to be used more widely for SME cases as well in a manner appropriate to keep costs reasonable. We consider the case of GoodBox to be a good match towards this direction.

https://www.gov.uk/government/publications/corporate-insolvency-and-governance-act-2020-interim-report-march-2022/corporate-insolvency-and-governance-act-2020-interim-report-march-2022

3. Reasons for the Restructuring Plan

3.1 Fundamentally, the company is an industry sector champion with profitable operations well within reach in 12 months post restructuring. Successful comparable companies exist, demonstrating that the business model is viable. Credible interest for further investment in the restructured company, beyond the immediate rescue needs, has been confirmed.

3.2 GoodBox is a fin-tech startup that needs to operate at a certain scale to be profitable. Getting to that scale and beyond is not straightforward and requires multiple rounds of capitalization, some in which valuations go up, others in which valuations go down. Based on the shareholder update from April 2022 referenced earlier, GoodBox was in need of such a capitalization. This could not take place for two reasons:

1. GoodBox had a large amount of convertible debt on the balance sheet with unpredictable conversion.
2. The present Articles of Association of GoodBox allow a minority of shareholders to block raising new investment even if the company is about to become insolvent and collapse.

3.3 The above situation was exacerbated by situations of conflict of interest that did not have appropriate safeguards in case of over-reach, resulting in the Board becoming unable to act to avoid GoodBox becoming "*hopelessly insolvent*" as per the comments of the Judge.

3.4 The Restructuring Plan intends to address the above described two underlying problems as well as mitigate around the existing situations of the conflict of interest that exist within the company. Once these points are addressed, additional funding can be accessed allowing GoodBox to be rescued as a going concern. We note that this funding is already lined up from the same group funding the Rescue Plan but requires this Restructuring Plan to be sanctioned for the funding to be accessed.

3.5 The Judgement Notes referred show that the various stakeholders of the company no longer trust each other and cannot amicably find working solutions to move GoodBox forward. As such, a Court imposed restructuring is needed to rescue the company as a going concern in a manner that achieves a better outcome for creditors than the relevant alternative.

3.6 We note that at the time of writing this letter, 11 weeks after the Administration was ordered, the Administrators of GoodBox were not able to confirm any specific purchase offer for GoodBox. The Administrators most recently indicated that the most likely alternative is liquidation if a going concern rescue cannot be achieved. In this scenario, all unsecured creditors are expected to be out of the money.

3.7 Due to the variety of actions that need to be taken to achieve the proposed restructuring outcome, we consider that a Restructuring Plan pursuant to Part 26A of the Companies Act 2006 is the most suitable tool to achieve the rescue of GoodBox as a going concern in the interest of creditors.

3.8 We note that Administrators indicated that they prefer to see this Restructuring Plan submitted as a creditor's application as it is primarily driven by NGi Systems.

4. Engagement with Key Stakeholders

4.1 While certain elements of GoodBox are more complex, the stakeholder structure for the purposes of the restructuring is relatively simple. There are 5 categories of stakeholders:

4.1.1 **Suppliers:** owed trade creditor debts from the pre-Administration period (HMRC included here as well)

4.1.2 **Convertible Loan Holders:** owed pre-Administration unsecured amount of ~£9.1m plus interest
- 4.1.2.1 British Business Bank / UK Government Future Fund: £4.5m
- 4.1.2.2 Q Invest Limited (based in Guernsey): £4.5m
- 4.1.2.3 Headroom Subscribers: ~£135k

4.1.3 **Commitments Claimants:** with claims resulting from contract or commitment breaches by GoodBox
- 4.1.3.1 NGi Systems
- 4.1.3.2 TSB IT Systems (CTO Function)
- 4.1.3.3 Carlaser Electronic (Manufacturer)

4.1.4 **Rescue Funders:** funding the costs for the Administration and Restructuring, payable by GoodBox
- hold security over the assets of the company via a Debenture nominally held by NGi Systems
- funding the Administration via a dynamic loan facility that can be extended as needed
- funding co-financed by a group of existing GoodBox shareholders, in the name of NGi Systems

4.1.5 **Shareholders:** treated as a single category

4.2 The amounts stated above are not exact and the listing of stakeholders is intentionally bucketed. The purpose is to highlight the key stakeholders and to show the relevant importance by size of debt, debt seniority or necessity to continue the company as a going concern. For the detailed creditor listing with precise amounts, please consult the Administrators' report. Details will be duly incorporated into the subsequent Explanatory Statement which is part of the Plan Documents.

4.3 From the above listing, the key entities that require engagement for the purposes of securing voting majority for the Plan are only the Convertible Loan Holders, which is further filtered down to the British Business Bank and Q Invest Limited in terms of relevant decision making.

4.4 The Suppliers are not impacted as they will get paid in full under the Plan, though with a delay of up to 90 calendar days for any historical debts. Suppliers can expect full recovery of their debts under the Plan.

4.5 The Shareholders are unfortunately excluded as they have no prospect of any value recovery in any relevant alternative. This is confirmed by the estimated outcome statement of the Administrators as referenced, that shows that even the unsecured creditors are barely expected to have any realization in the conceptual relevant alternatives. Under the Plan the Shareholders will, in effect, lose their pre-Administration shareholdings in GoodBox.

4.6 The Rescue Funders and Commitments Claimants are jointly sponsoring this Plan so by default agree with its proposals. The Executive Management Team of GoodBox, (not members of the previous Board) were fully engaged in shaping the Plan in a manner to make it viable for a rescue and are in support of the Plan.

4.7 Any stakeholder of GoodBox not mentioned in this letter is not expected to be affected by the Restructuring Plan, in the sense that if the Plan is sanctioned, their existing relationship with GoodBox will carry on in the same manner as it was pre-Administration.

4.8 NGi Systems has been regularly engaging with the British Business Bank since June 2022, well before the Administration Order was made, about a restructuring initiative along the lines of the Restructuring Plan proposed here. There was good dialogue with alternative options discussed that were narrowed down to the currently proposed Restructuring Plan.

4.9 Q Invest Limited was also explicitly engaged with the Public Letters of NGi Systems and follow up email discussions where additional information was provided. Q Invest Limited decided to pause engagement until after the Administrators' Proposals were published.

4.10 Shareholders were advised by the Administrators of a Restructuring Plan both via direct communication as well as via the proposals in their publicly available report. More than a dozen shareholders reached out to NGi Systems to seek more information with several having actively joined the rescue effort and others in advanced discussions to do so.

5. Governance Strengthening

5.1 It is important to address that there are multiple structures in GoodBox that are prone to creating situations of conflict of interest. Of course, it would be ideal if we can construct the company such that these situations do not exist. The structures arose because benefits were sought by GoodBox, and it decided that the tradeoff and risks were justified by the benefits it was expected to receive. The Plan will seek to eliminate these structures, where possible. Where this is not practical under the circumstances, the Plan will seek to create the necessary mitigations around them. The aim is to ensure that the appropriate mitigation measures are in place to prevent potential over-reach, and GoodBox to have tools to react to cases where over-reach may occur.

5.2 The Plan will propose specific mitigation measures in the new Articles of Association for GoodBox as well as the new Board to safeguard against and mitigate around such situations in the future.

6. Financial Conduct Authority

6.1 GoodBox is a regulated financial services institution, providing payment processing services for its clients. As the Administrators' Report confirms, focus is being allocated to closing certain compliance gaps in the processes and documentation of processes for GoodBox. The Restructuring Plan will also keep Plan Administrator focus on this important topic.

6.2 The Restructuring Plan will inevitably see a change of control for GoodBox which must pass through the relevant FCA review and approval processes. Without a change of control, the rescue of GoodBox will not be possible and the company will have to be liquidated leaving thousands of UK charities unable to use the products and services of GoodBox that have helped them raise millions of pounds for noble causes.

6.3 To avoid the above-mentioned undesirable outcome and achieve a successful rescue of GoodBox in the interest of not only its creditors but also its thousands of clients, the implementation of the Plan will adapt to any direction or restriction of the FCA regarding the final control structure.

6.4 This may see the Plan Administrators coordinating adjustments to the post-restructure shareholding, for example via the sale of certain blocks of shares of the post-restructure shareholders in a manner that achieves a final control structure that the FCA will approve. Alternatively, certain control provisions usually belonging to shareholders, such as voting rights, may be suspended until an FCA approved control structure is reached.

6.5 The company will remain under the control of the Plan Administrators appointed by the Court based on the sanctioning of the Plan, ensuring that the interim control is appropriately safeguarded until the FCA is satisfied that the restructured state has achieved a control structure it can approve.

6.6 Completing the restructure of GoodBox as per the Plan will allow it to have a simplified and mostly debt free shareholding that will make it easy to sell blocks of shares to new FCA approved buyers, if required, to achieve full regulatory compliance on the control structure aspect.

7. Restructuring Plan

7.0.1 The Plan is for a cross-class-cram-down using the Companies Act 2006 Part 26A as per the amendments of the Corporate Insolvency and Governance Act of 2020.

7.0.2 The Plan is backed not only by NGi Systems as a secured creditor, funder of the Administration and key supplier, but also by many of the trade creditors, as well as several shareholders, who are choosing to co-finance the rescue effort which includes the Administration and this Restructuring Plan.

7.0.3 The Plan is a coordinated and inclusive rescue initiative with multiple backers, that is led and represented by NGi Systems. In the restructured version of GoodBox NGi Systems will not have a majority stake.

7.0.4 For a restructuring plan to become effective, either:

7.0.4.1 It must be approved by a number representing at least 75% in value of each class of plan creditors present and voting (either in person or by proxy) at each plan meeting ordered to be summoned by the Court, and subsequently sanctioned by the Court; or

7.0.4.2 If the restructuring plan is not approved by a number representing at least 75% in value of any class of plan creditors present and voting (either in person or by proxy) at any plan meeting (the creditors not approving the restructuring plan being a “dissenting class”), the Court may still sanction the restructuring plan if:

a. The Court is satisfied that, if it were to sanction the restructuring plan, none of the members of such dissenting class would be any worse off than they would be in the event of the relevant alternative to the restructuring plan; and
b. The restructuring plan has been approved by a number representing at least 75% in value of a class of plan creditors present and voting (either in person or by proxy) at a plan meeting who would receive a payment or have a genuine economic interest in the plan company in the event of the relevant alternative to the restructuring plan.

7.0.5 If the Restructuring Plan becomes effective, it will bind the company and all classes of creditors according to its terms, including those creditors who did not vote on the restructuring plan or who voted against it.

7.0.6 The Plan has the following key points:

1. Debt Conversion to Equity
2. Settlement of Commitments Claims via Equity Award
3. Replacement of the Articles of Association
4. Appointment of New Board of Directors
5. Adjustment of Supplier Contracts
6. Implementation of a Continuity Debt Facility

7.0.7 This letter will comment on the fairness and economic impact of the Plan for the various stakeholders as this is a key aspect to consider in evaluating the Plan, not only by the stakeholder who need to vote on it but also the Court that will consider sanctioning it. These considerations will be further detailed in the Explanatory Statement.

7.0.8 Upon the sanctioning of the Restructuring Plan, it is intended that GoodBox exits Administration with a rescue as a going concern via the Restructuring Plan pursuant to Part 26A of the Companies Act 2006. The Plan Administrators will be appointed by the Court to implement the Plan.

7.1. Debt Conversion to Equity

7.1.0.1 As explained previously, the existing shareholders will, in effect, lose their shareholding in GoodBox under the Plan. The new shareholders will be the current creditors of GoodBox who will receive an equity stake in exchange for the debt claims they hold.

7.1.0.2 The Plan proposes to convert all non-trade-creditor debt into equity. In prime focus are the debt claims of the Convertible Loan Holders who participated in the UK Government Future Fund Scheme and the loan advances of the Rescue Funders.

7.1.1. Shareholders

7.1.1.1. Most of the individual shareholders who invested larger amounts into GoodBox are well diversified, sophisticated investors. Many primarily sought the EIS benefits of the investment. Any institutional investors are, by definition, well diversified. Likely, the most exposed are the three co-founders, however they are expected to have been fully aware of the risk involved in startup ventures.

7.1.1.2. The Shareholders took a conscious decision when voting to approve the large-scale debt financing for GoodBox, knowing the risks they face if they cannot ensure the debt is converted into equity in desirable parameters.

7.1.1.3. Shareholders received a public notice from NGi Systems before the Administration hearing to invite them to act to protect their own interests. The Shareholders were also invited since the Administration started to pre-empt their holdings by contributing to the rescue and / or refinancing of GoodBox.

7.1.1.4. Several shareholders did take up the above opportunity. The remaining shareholders are considered to have implicitly accepted the outcome for which their expectations were managed.

7.1.1.5. NGi Systems has publicly committed to being inclusive on the rescue initiative, so any shareholder wanting to make a late decision to participate in the rescue can still contact NGi Systems to do so.

7.1.2. Convertible Loan Holders

7.1.2.1. The Convertible Loan Holders are proposed to be granted a combined 20% equity stake in the restructured shareholding of GoodBox in exchange for the debt they hold. This would be distributed proportionally between the British Business Bank, Q Invest Limited and the Headroom Subscribers based on their respective principal amounts.

7.1.2.2. The Future Fund Scheme transaction should be considered by the parameters of an investment round for GoodBox. In a typical scenario, an investment round yields an equity stake to the new investors of up to 30% in the company they invested in. In that sense, the 20% post-restructuring stake is well within the expected parameters in terms of outcome, especially under the distressed circumstances.

7.1.2.3. Key to note that while the Convertible Loan is a debt instrument, it was always intended to be converted into an equity stake. The loan format was appropriate for the COVID-19 period for which the Future Fund Scheme was designed, as in that period it was difficult to accurately value companies when the economy was upended by lockdowns. The valuations were thus deferred to a later, more normal economic period. A conversion to equity is thus a very natural, and expected outcome for all Convertible Loan Holders.

7.1.2.4. As per the estimated outcomes of the Administrators, the unsecured creditors of which the Convertible Loan Holders represent over 90% stand to recover no more than 4% of their principal in any non-restructuring scenario. We will further comment on this in the relevant alternative to the Restructuring Plan in the letter, however there is a genuine likelihood that the unsecured creditors are out of the money entirely, in which case the proposed equity stake in a viable business is quite favorable.

7.1.2.5. The Future Fund is by design a well-diversified startup investment scheme, investing into over 1,000 businesses, according to data published by the British Business Bank. Such startup investment strategies typically result in a skewed distribution in the portfolio in which most investments fail or do not perform well, with a handful that perform spectacularly to drive the overall success of the portfolio. The article below explains this dynamic in detail.

https://seraf-investor.com/compass/article/tent-poles-and-toads-mix-winning-startup-portfolio

7.1.2.6. The Restructuring Plan saves GoodBox from becoming a failed investment and still retains the prospect that it may yet live up to its original aspirations. The intended purpose of the Future Fund, based on the government policy behind it, is to support innovative companies through a converted equity position that takes a long-term investment view. Supporting the Plan is both consistent with the mandate of the Future Fund and contributes to the rescue of GoodBox.

7.1.2.7. Q Invest Limited is a shell company with no visibility into its beneficial owners, created in Guernsey less than one month before the “gateway transaction” with GoodBox, that facilitated the UK government financing for GoodBox. The transaction is being investigated by the Administrators as per their report, however, the proposed share allocation in the Plan treats the debt claim of Q Invest Limited no different to that of the British Business Bank.

7.1.2.8. The Headroom Subscribers of the Convertible Loan are one angel investor, who is expected to be diversified and to have understood the risks of their investment, and Seedrs Nominees, a startup investment marketplace that holds smaller investments on behalf of investors who invest into a mix of high-risk startup companies.

7.1.2.9. Overall, from our perspective there is no significant economic impact or fairness concern for the proposal for these creditors under the Plan.

7.1.3. Rescue Funders

7.1.3.1. The Rescue Funders are proposed to be granted a 65% equity stake in the restructured shareholding of GoodBox in exchange for the rescue of GoodBox funded to a total £600,000. This is the amount committed by the Rescue Funders with NGi Systems as their lead and nominee towards the rescue of GoodBox. The costs of the rescue include but are not limited to:

1. time costs to coordinate putting GoodBox into Administration
2. legal and advisory expenses to put GoodBox into Administration
3. Administration Expenses or trading losses funded during Administration
4. Administrators Fees funded
5. time costs to coordinate activities related to the Administration
6. advisory and legal expenses related to the Administration
7. time costs to coordinate and prepare the Restructuring Plan
8. advisory and legal expenses related to the Restructuring Plan

7.1.3.2. Some of the above are already formally recognized as Administration Expenses of GoodBox and funded via the Funding Deed backed by the Debenture held by NGi Systems. Any of the above costs not already recognized as costs of GoodBox will be marked as costs of GoodBox under the Restructuring Plan. Any amount not consumed by the above cost items from the £600,000 funding, will be credited as cash to accounts of GoodBox to support future running costs of the business. Any costs exceeding the £600,000 will remain costs of GoodBox to be paid for by the company after the sanction of the Restructuring Plan via the new funding that will be unlocked by sanctioning the Plan.

7.1.3.3. After the sanction of the Restructuring Plan, NGi Systems will transfer the relevant number of shares from the awarded 65% equity stake to the other members of the Rescue Funders based on the various agreements between the respective parties. All regulatory steps will be duly adhered to in the process. NGi Systems will not be retaining a majority equity stake in GoodBox.

7.1.3.4. Those funding the rescue and restructuring of GoodBox, have taken on a huge risk to attempt a rescue of a complex and conflict-ridden, but otherwise noble company, which would otherwise have likely been liquidated with no expected return to creditors. The proposal is deemed fair when considering that all creditors were invited to participate in this rescue co-financing, with an explanation of what would be the expected outcomes. The possibility of joining the rescue financing is still available for interested creditors by contacting NGi Systems.

7.1.3.5. Key to note that no other creditor or shareholder was willing to step up at the time of the impending collapse of GoodBox, apart from the suppliers who supported NGi Systems in the Application for the Administration Order. As shown in the Court documents, NGi Systems has assigned a major part of its multi-year balance sheet reserves for this rescue attempt of GoodBox. It has thus incurred a very high degree of risk, with a benefit to the creditors of GoodBox.

7.1.3.6. The economic impact for NGi Systems in not having its costs towards the rescue of GoodBox recognized as costs of GoodBox would be severe. It would also be highly unfair, in the context that GoodBox itself, via the Administrators, has not communicated a plan for a going concern rescue of the company other than “*the restructuring of the Company being championed by NGi*”, as described in the Administrators’ Proposals.

7.2. Settlement of Commitments Claims

7.2.0.1 The Commitments Claimants are a group of suppliers for whom this Plan acknowledges claims related to breaches of contracts or commitments by GoodBox. This Plan has the objective of rescuing this company and that requires to reach compromise and restore good working relationships with key suppliers.

7.2.0.2 There was no material progress (no initiative by the Administrators) after 11 weeks of Administration to resolve such claims and the intervention of NGi Systems was needed to propose a solution that the respective suppliers have confirmed to accept.

7.2.0.3 The Commitments Claimants are proposed to be granted a 15% equity stake in the restructured shareholding of GoodBox in exchange for the settlement of their specific claims related to breaches of contracts or commitments, distributed as follows:

7.2.1. NGi Systems

7.2.1.1 The background of the claim is a contractual commitment for a volume of technology services that GoodBox duly committed to but could no longer afford due to the COVID-19 downturn. NGi Systems awarded an amicable concession to temporarily reduce the commitment to support GoodBox. The savings have been used by the Board to pay for the services of a competitor of NGi Systems instead of extending cash-out date of GoodBox as indicated by the Board at the time. One year later GoodBox returned to NGi Systems seeking another temporary commitment reduction.

7.2.1.2 This was granted, however with contractual restrictions on matched spending for any amounts spent with competitors. The Board repeated its action to spend on competitors of NGi Systems over the agreed limits. This triggered a mandatory purchase of Service Credits from NGi Systems for a total value of £276,030.96 (including VAT).

7.2.1.3 The Board was unable to pay this and refused to engage with initiatives to restructure this debt and just ignored it for nearly 9 months despite receiving nearly daily payment reminders with updated late payment charges applied to the outstanding amounts generating a further liability.

7.2.1.4 The above is discussed and evidenced in detail in the Court papers for the Administration Order against GoodBox.

7.2.1.5 To reach settlement on the matter, the Plan proposes to award a 9% equity stake to NGi Systems in the restructured shareholding of GoodBox in exchange for settling the above-mentioned claims. This would see GoodBox retain £230,025.80 worth of net Service Credits for technology services to be supplied by NGi Systems, to be redeemed according to the agreements between NGi Systems and GoodBox.

7.2.1.6 The remaining unsecured debt claims of NGi Systems, are considered under the plan to be regular trade creditor debt.

7.2.1.7 The claims being settled for NGi Systems were overdue by over 6 months and should have much sooner required GoodBox to recognize its insolvency. NGi Systems made repeated engagement attempts, in good faith, as per the Court papers and annexed in its first Public Letter, to try to reach a compromise agreement with the Board regarding the debts. These attempts were ignored.

7.2.1.8 From a fairness perspective these debts were due over 18 months sooner than any of the other unsecured amounts under the Convertible Loan, which may have not been due at all if subsequently converted before the due date as expected by the Future Fund scheme. As such, the Plan considers these debts to have priority over the Convertible Loan and this is reflected in the proposed equity conversion.

7.2.1.9 The economic impact to NGi Systems is substantial as the claims originate from a significant voluntary reduction in revenues in good faith from what was then its largest client, accounting to almost 50% of its revenues. The Plan seeks to fairly and reasonably settle claims arising from GoodBox breaching its commitments. Special consideration must be made to the critical forward-looking nature of NGi Systems to GoodBox in providing most of the technology know-how for the complex platforms and systems of GoodBox.

7.2.2. TSB IT Systems

7.2.2.1 TSB IT Systems is the legal entity used by Tibor Barna, the Co-Founder and CTO of GoodBox to deliver the CTO function over the past almost 5 years, responsible for driving the creation of an award-winning product and associated platform for GoodBox which is the backbone of its commercial revenues today. After 2019 several disputes arose around various topics related to past compensation commitments. These were amicably settled in a dispute resolution agreement in 2020. That agreement had certain commitments which were not met by GoodBox. Additional actions in breach of agreements with the CTO were taken by GoodBox Board members in the run-up to the Administration Order granted by the Court.

7.2.2.2 In aggregate, the above gave rise to claims totaling £135,356.50. The Plan acknowledges these claims and proposes to grant a 4% equity stake to TSB IT Systems in the restructured shareholding of GoodBox in exchange for settling these claims.

7.2.2.3 Breaching the terms of an agreement to settle a historic dispute is considered an aggravating factor under the Plan and which intends to settle this in fair manner.

7.2.2.4 This claim in its origin pre-dates the origination of the Convertible Loan so the Plan considers this to have priority over the Convertible Loan and this is reflected in the proposed equity conversion.

7.2.2.5 The economic impact on TSB IT Systems is very high as GoodBox represented over 70% of its revenues over the past 5 years. TSB IT Systems reinvested significant amounts of its revenues into GoodBox as a shareholder in a key rescue funding round in 2019. The amounts that were the subject of the original dispute, and are reflected in the claim, represent roughly 1 full year of revenue for services rendered to GoodBox.

7.2.2.6 The Plan intends to have TSB IT Systems further involved in GoodBox as a key supplier post the rescue to leverage the demonstrated differentiating technology expertise and key GoodBox specific know-how its principal can contribute. From this perspective as well, an amicable settlement is needed which is confirmed to be accepted by TSB IT Systems.

7.2.3. Carlaser Electronic

7.2.3.1 Carlaser Electronic is a Shenzhen based company under which Mr. Ben Bo (Jianpu Bai) has taken over coordination and management for the manufacturing operations of GoodBox in China since July 2020, when the previous contract manufacturer of GoodBox relinquished its mandate due to GoodBox failing to meet minimum order volumes.

7.2.3.2 Carlaser Electronic has invested into securing supply chain continuity as well as helping GoodBox remediate a screen related hardware fault in the product from the previous manufacturer. Once again, certain order volume commitments were made by GoodBox which, in the run-up of the Administration were not met along with hardware support services invoices that were not paid. These support invoices are classed as supplier / trade creditor debts under the Plan. For failing to place the order as agreed, a charge of 5% is claimed as compensation for the final required order of 3,000 devices from the original commitment, resulting in a claim of £37,500.

7.2.3.3 Carlaser Electronic has custody of over £100,000 worth of GoodBox equipment and manufacturing tooling and is a critical supplier of GoodBox not only for further custom hardware, but also for supporting the existing estate of GoodBox devices from a hardware perspective.

7.2.3.4 The Plan acknowledges the commercial disruption caused by the non-payment of invoices by GoodBox and the failure of GoodBox to place orders as scheduled. The Plan proposes to grant a 2% equity stake to Mr. Ben Bo in the restructured shareholding of GoodBox in exchange for settling the delay compensation claim and for agreeing a new flexible manufacturing schedule. Mr. Ben Bo can choose to have this stake assigned to him personally or to a legal entity of his choosing.

7.2.3.5 Carlaser Electronic took on a significant risk to onboard the rather complex GoodBox project under commercial conditions that few contract manufacturers would. Carlaser Electronic was instrumental in getting the GoodBox Core product back to full working order and is a critical supplier going forward. Being a small company, the impact of GoodBox not meeting its commitments to it generates for it a significant economic impact as it affects its supply chain relationships which are very much based on the personal reputation of Mr. Ben Bo and reliability in commitments. The Plan considers that the proposed award is entirely fair to get such a key supplier to reach amicable settlement of its claims. Carlaser Electronic and Mr. Ben Bo have confirmed that they are satisfied with the proposed arrangement.

7.3. New Articles of Association

7.3.1 The current Articles of Association of GoodBox have a plethora of clauses that entrench provision that hold back the progress of GoodBox. For example, it entrenches board positions for two of the Co-Founders (Andrew O'Brien and Francesca Hodgson) and grants them a discretion to appoint a third board member. It also has numerous veto rights for minority shareholders which are not reasonable nor practical for the day-to-day operations of a company like GoodBox. Finally, the articles do not allow the Board to raise capital without specific supermajority approval even in the face of insolvency.

7.3.2 The Plan proposes new Articles of Association to be adopted based on model articles with specific amendments for pre-emption, drag-along, tag-along as well as board rights to raise equity in conditions of insolvency or material risk of insolvency.

7.3.3 The new articles are proposed to include enshrined mitigation measures for conflicts of interest such as recusals from decisions and voting on affected issues and full transparency on process and outcomes for decisions where conflicts of interest exist.

7.3.4 The mandate for a Technology Director, with appropriate background and experience will be included in the articles to strengthen the technology governance as per the commitment of the GoodBox Board since the 2019 rescue which was not yet honored.

7.3.5 Similarly, to strengthen the governance aspects on the regulatory side, provisions will be included for a Regulatory and Compliance Director, again with the appropriate background and experience.

7.3.6 Considering that after the implementation of the Plan several shareholders are expected to be key suppliers of GoodBox, provisions will be included to temporarily restrict the rights of such shareholders when formal disputes arise towards them from GoodBox that are not amicably resolved in a reasonable timeframe. Such restrictions would disallow voting and transfers and would suspend dividends.

7.3.7 Provisions will be included such that in cases where shares were granted by GoodBox in exchange for products or services to be supplied, and GoodBox has not received due delivery of its purchases, and it is unable to recover its payments, GoodBox will be entitled to cancel respective shares that were awarded as part of the transaction in question. This context may apply to several of the supplier shareholders of GoodBox, so it is a provision that makes sense for GoodBox going forward.

7.3.8 The fully drafted new Articles of Association that are proposed by the Plan will be attached to the Explanatory Statement that will be circulated to all relevant stakeholders.

7.4. New Board of Directors

7.4.1 The previous Board of GoodBox was criticized in multiple instances for its conduct in the run-up to the Administration by the Judge. Please see the Judgement Notes for details. During the hearing for the case, concerns were raised about not only insolvent trading but also wrongful trading which need to be investigated by the Administrators. As such none of the current Board members are considered appropriate in the Plan to continue to serve as Directors of GoodBox after the rescue. This view may be revised only if the investigations fully exonerate specific board members and show that they have done everything in their power to prevent and appropriately manage the situations GoodBox was in over the past 2 years.

7.4.2 The Plan proposes a new Board of Directors. Only one person is specifically proposed under the plan for immediate appointment, the current CEO of GoodBox, David White.

7.4.3 David stepped into the CEO role from his GoodBox CFO role in 2020 after the previous founder-CEO was required to resign. Despite being named CEO, his ability to act was limited as he was not appointed as a Director of GoodBox. David is seen to have delivered the commercial plan that turned around the business model of the company since his appointment in 2020, putting GoodBox on a clear path to profitability. He is also seen to have a good working relationship with the FCA, addressing the compliance gaps identified during the Administration. David promoted several attempts at raising capital to avoid the insolvency of GoodBox which were not acted upon by the Board.

7.4.4 Any other directors, proposed to complete the board structure in the New Articles of Association, will be appointed only with the review and approval of the FCA. Under the Plan the new Board would take over the day-to-day operations of GoodBox while the Plan Administrators oversee the implementation of all items on the plan. The new Board would not be able to take any major decision without the consent of the Plan Administrators acting towards achieving the mandate of the Plan.

7.5. Supplier Contracts Adjustment

7.5.1 For GoodBox to move forward as a rescued company it needs to have appropriate contracts with its key suppliers. As GoodBox is operating in an FCA regulated context, it is appropriate to take guidance from the FCA Code of Conduct Rules. One in particular is more relevant: “You must pay due regard to the interests of customers and treat them fairly.”

7.5.2 Under the Plan, GoodBox will seek fair adjustments to its contracts with its key suppliers.

7.5.3 One key consideration is the technology services costs from NGi Systems. This contract will be adjusted under the Plan to be made more flexible for GoodBox by reducing the committed demand level from GoodBox from 9 FTE (full-time equivalent) to 5 FTE, the minimum team needed to keep the technology running and maintained for compliance purposes.

7.5.4 The overall Capacity Schedule is to be flattened to avoid future increases in cost commitments under the existing agreements. Floor limits will be introduced to the Dynamic Capacity Scaling provisions to allow GoodBox more flexibility to engage alternative technology services providers with an additional headroom of 30% from pre-Administration levels. These provisions were aligned with the CEO, as well with the group of shareholders contributing to the rescue co-financing, who confirmed that these are appropriate and supportive of the needs and abilities of GoodBox. NGi Systems commits to implement these changes as part of the Plan.

7.5.5 The other key consideration is the provision of transaction gateway services. These are being serviced by Monek Limited since 2017. GoodBox, as confirmed by both the CEO and the ex-CTO, is pleased with the service, and satisfied that the cost structure is appropriate for the needs of GoodBox. In 2021, GoodBox shareholders have granted approval to the Board to purchase a gateway solution that would make it independent of the existing services provider. The gateway was purchased from the majority owner of Monek Limited via a new legal entity at the time, Q Invest Limited, with part of the delivery of the solution envisaged to involve Monek Limited.

7.5.6 The Plan has every intention to see that the existing transaction is completed in the spirit of achieving the original mandate. Should this not be possible, a new mandate will be sought from the new shareholders as to the future direction of GoodBox in this regard.

7.6. Business Viability

7.6.1 GoodBox achieved significant cost optimizations and reductions with the help of temporary contractual adjustments in line with those proposed to be implemented in the Plan. Under Administration these are negated by the significant costs of the Administration which is a reason to exit the Administration as soon as possible via this Restructuring Plan.

7.6.2 Based on financial forecasting by the CEO of GoodBox, a chartered accountant, the company can break even based on the stock of devices it holds and its existing order book of new clients. GoodBox cannot sell to new clients under Administration, a restriction imposed by the FCA. This is another reason to exit the Administration as soon as possible via this Restructuring Plan.

7.6.3 To break even, a modest amount of new funding is needed to cover pre-Administration trade creditor payments and the trading losses until the revenues increase to the break-even point. This funding is ready to be provided via a flexible debt facility by the same rescue consortium of NGi Systems and supporting GoodBox shareholders upon the sanction of the Restructuring plan.

7.6.4 Strategic follow-on financing will then be needed for the expansion of GoodBox into the EU.

7.6.5 Equity finance interest for GoodBox was confirmed at a pre-money valuation of £11m in early 2022 when the full £9m debt was still on the balance sheet.

7.6.6 For strategic reference on the viability of GoodBox as a business, NGI Systems is advised that the North American competitor of GoodBox, that took an interest to invest in GoodBox, was valued at $75m in a recent fundraising. That company has a more mature ecosystem, it can operate at lower cost combined with a 40% larger device estate than GoodBox. GoodBox is by comparison certainly a viable business worth rescuing.

7.7. Debt Facility Implementation

7.7.1 While the debt facility for the continuity funding is implemented and its initial capitalization deployed, the Plan will stipulate that a moratorium on creditors is maintained for 90 days.

7.7.2 During the moratorium, the Plan Administrators will still execute regular payments to key suppliers and staff. The delayed payment is expected to apply only to the pre-Administration Trade Creditor debts.

7.7.3 The loan is intended to have an initial capitalization of £500,000 and can be extended if needed. It will be jointly funded by the same Rescue Funders listed in the Plan. The facility will allow other contributors to easily provide funding for GoodBox under the same framework.

7.7.4 The loan will have a 3-year maturity with 7% annual interest, compounded monthly, with flexible early repayment. A schedule of minimum repayments will start only on the 13th month after the facility is agreed with GoodBox. The Loan will be secured in a similar manner as to the loan defined in Funding Deed for GoodBox.

7.7.5 Once the debt facility is in place and funded, any outstanding fees of the Administrator that were not already paid and were approved by the Creditors' Committee or the Court will be paid. The same will apply to any outstanding fees of the Plan Administrators.

7.8. Restructuring Plan Completion

7.8.1 The Restructuring Plan is considered completed when all items on the Plan are completed as described in this letter. The longest timeline is expected to be on the FCA change of control side and vetting of the new Directors. NGi Systems is advised that such reviews may take as long as 90 days.

7.8.2 When all items of the Plan are completed, the Plan Administrators will hand over full control of GoodBox to the new Board of Directors and the rescue of GoodBox will have been completed.

8. Creditor Classes

8.1 If the rights of creditors or members affected by the Restructuring Plan are so dissimilar or would be affected in such a different manner by the Restructuring Plan as to make it impossible for them to consult together with a view to their common interest, they must be divided into separate classes and a separate meeting must be held for each class of creditor or member.

The Restructuring Plan proposes the following stakeholder classes for GoodBox for voting on the Plan:

1. **Rescue Funders:** Represented by NGi Systems for the Secured Loan for the costs of the rescue.
2. **Trade Creditors:** Formed of the supplier debts that are not included in other classes.
3. **Commitments Claimants:** Formed by the debt claims as covered in section 7.2 of this letter.
4. **CLN Arm's Length:** Includes the British Business Bank and the Headroom Subscribers of the CLN.
5. **Q Invest Limited:** Separated for voting purposes as on a net basis they may not be a creditor.
6. **Historical Shareholders:** Formed of all fully paid-up pre-Administration shareholders.

8.2 The Plan proposes to separate Q Invest Limited from the rest of the CLN holders due to its distinct status. Its entire creditor position is underpinned by the purchase by GoodBox of a payment gateway solution from it which was part funded by the loan from Q Invest. The delivery of the gateway solution in question has been in dispute for over one year by GoodBox and is being investigated by the Administrators.

8.3 Grouping Q Invest Limited with the other CLN Arm's Length creditors would not change the voting outcome on a class level as the other creditors would represent less than 75% approval required within the class for the Plan. The proposed separation is only for transparency reasons, it is not a form of gerrymandering. The Judge will be invited to decide to merge these classes if they see fit.

8.4 As explained in section 4 of this letter the British Business Bank and Q Invest Limited are the only two entities who's voting makes any difference to the Plan. All other stakeholders are either excluded by having no economic interest, or have already confirmed their support, or their vote is not able to alter any class level outcome due to relative amounts of debt they hold in the respective class.

8.5 It may be necessary to list HMRC in its own additional creditor class. This will be adjusted accordingly in the Plan Documents if required. The Administrators have advised that HMRC is not a creditor based on insolvency set-off.

9. Relevant Alternative

9.1 The relevant alternative to a going concern rescue of GoodBox is a sale of the business and assets or liquidation as per the Administrators' Report. The expected relevant alternative is liquidation as per the latest advice received from the Administrators at the time of writing this letter.

9.2 Selling the GoodBox business in a manner to recover any meaningful part of the £18.5m total financing it received is extremely challenging, leaving unsecured creditors with little to no value recovery, a view shared by the Administrators in their report.

9.3 This is due to the complex regulated nature of the business (Payments Institution License from the FCA, Payment Facilitator Licenses from Acquiring Banks and Payment Card Schemes) and its close reliance on critical technology suppliers (fragmented manufacturing supply chain in Asia, payment processing gateway provider, custom software and electronics development and operations companies). This setup alone would make GoodBox difficult to sell, with only a handful of sophisticated and well-capitalized buyers that are credible to take the business forward on its original innovation focused mission.

9.4 To add to the complexity, GoodBox is facing multiple breach-of-contract claims from key suppliers accounting for most of the know-how for its custom technology ecosystem. It was also unable to satisfactorily secure delivery of its largest asset, a payment gateway solution purchased for £5.2m, which we are advised cannot be sold from GoodBox without the consent of the seller, Q Invest Limited.

9.5 Any buyer who is looking to credibly take the business forward would need to additionally navigate these complexities and negotiate new contracts with all suppliers, many who will resist to write off their losses completely and will likely seek some form of compensation from the buyer.

9.6 Such a context is likely to attract buyers who are primarily looking for a customer list they can partially monetize with their own technology solutions which is a fraction of the value of the business.

9.7 Assuming an alternative sale at the time of writing this letter for a price of £800,000 and taking into account the costs estimated by the Administrators, some of which have already been exceeded, the Convertible Loan Holders would likely receive a total dividend of less than £250,000 with no further upside.

9.8 Such an offer is highly unlikely considering the previous marketing conducted by Begbies Traynor on behalf of the Board, yielded a shortlisted offer of ~£230,000 based on advice received. The Administrators confirmed that at the time of their appointment there was no offer that was suitable for execution.

9.9 In the Restructuring Plan, the Convertible Loan Holders receiving a 20% equity stake in the restructured company, with a worst-case post-restructuring valuation of £2m would already yield a value of ~£400,000 with plenty of further upside.

9.10 This lower bound of £2m was established by a letter of intent, already exhibited in court from a well-capitalized North American competitor of GoodBox that confirmed its willingness to make a strategic investment of £1.5m at such a valuation. The value of GoodBox under normal trading, based on multiples valuations of subscription based recurring revenue fin-tech companies would be at least £6m even with a steep discount for the current economic climate, based on £1m of annual recurring revenue for 2022 which GoodBox is forecast to reach. Please see the link below for details.

https://finerva.com/report/fintech-2022-valuation-multiples/

9.11 For a purchase offer to be competitive with the value realization for the unsecured creditors offered under the Restructuring Plan, the offered price would need to be at least £1m.

9.12 Considering that at the time of writing this letter, 11 weeks into the Administration, there is no specific purchase offer that is ready to be executed, the more likely relevant alternative becomes liquidation.

9.13 In liquidation, the value of the assets is near zero as acknowledged by both NGi Systems and previous Board of GoodBox in the Court papers for the Administration order.

9.14 In a liquidation scenario, even the Administration costs are unlikely to be recovered fully, so there is no dividend expected for unsecured creditors.

9.15 The Restructuring Plan enables total new funding since the Administration was ordered of £1.1m to achieve the rescue of GoodBox as a going concern.

10. Procedural Matters

10.1 NGi Systems considers that the Court has jurisdiction to sanction the Restructuring Plan in relation to GoodBox, and that the Court should exercise such jurisdiction, on the basis that GoodBox is incorporated under the laws of England and Wales and its center of main interests is in England.

10.2 NGI Systems intends to apply to the Court for permission to convene meetings of the stakeholders of GoodBox (the “Plan Meetings”) for the purpose of considering and, if thought fit, approving the Restructuring Plan (the “Convening Hearing”).

10.3 Stakeholders will be informed of the precise date and time of the Convening Hearing as soon as the details have been confirmed by the Court.

10.4 Stakeholders have the right to attend and make representations in person or through counsel at the Convening Hearing, although they are not obliged to do so. At the Convening Hearing, NGi Systems will also draw to the Court's attention to any issue raised in response to this letter.

10.5 This letter is intended to provide stakeholders with sufficient information regarding the Restructuring Plan so that, should they wish to raise issues that relate to the jurisdiction of the Court to sanction the Restructuring Plan or any other issues in relation to the constitution of the Plan Meetings or which might otherwise affect the conduct of the Plan Meetings, they may attend or be represented before the Court at the Convening Hearing. Stakeholders are also able to raise other issues at the Convening Hearing but, consistent with the Court's usual approach, issues relating to the "fairness" of the Restructuring Plans will likely only be considered by the Court at the hearing for the purposes of sanction of the Restructuring Plan (the "Sanction Hearing").

10.6 Stakeholders should be aware that the Court has previously indicated that issues which may arise as to the constitution of the meetings of stakeholders, or which otherwise affect the conduct of such meetings should normally be raised at the Convening Hearing. In the normal case, if they do not do so, while Creditors will still be able to appear and raise objections at the Sanction Hearing, the Court would expect them to show good reason why they did not previously raise those issues.

10.7 Stakeholders should take legal or other professional advice if they have any concerns in relation to the matters set out in this letter. The Explanatory Statement will be made available to creditors shortly after the date of the Convening Hearing and will include further details in relation to the Restructuring Plan.

10.8 If any Plan Creditor has comments as to the constitution of the Plan Meetings which are proposed, or any other issues which they consider should be raised with the Court, they should in the first instance and as soon as possible contact NGi Systems using the contact details set out below.

10.9 Provided that the Court gives its permission to convene the necessary meetings of the creditors to vote on the Restructuring Plan, the Administrators will notify the Creditors in accordance with the directions of the Court of the time, date and venue of the meetings, set out how creditors may vote at the meetings and provide further details of the terms of the Restructuring Plan.

10.10 If the Court orders the Plan Meetings to be convened at the Convening Hearing, then the Plan Creditors will have the opportunity to raise objections at the Sanction Hearing, at which the Court will decide whether to exercise its discretion to sanction the Restructuring Plans. Creditors will be notified of the date of Sanction Hearing as soon as the details have been confirmed by the Court.

10.11 The documents required for the Restructuring Plan will comprise the Explanatory Statement (which will include a form to be used for voting on the Restructuring Plan and for evidencing creditor claims), the Restructuring Plan document and the notices convening the Plan Meetings (together, the "Plan Documents"). The Plan Documents will be provided to the Court in advance of the Convening Hearing and will be shared with creditors who request them from NGi Systems.

10.12 Any creditor who wishes to be provided with copies of the Plan Documents at the same time as they are provided to the Court should notify NGi Systems using the contact details set out below.

10.13 Please send any responses to this letter to NGi Systems, via email to contact@ngi.systems

10.14 If any amendments or modifications are made to the Plan Documents, then such amended or modified documents will also be made available to creditors.

10.15 NGi Systems will communicate to all stakeholders it can reach directly, for the remainder it will ask the Administrators to facilitate the communications.

11. Request for Support

11.1 At stake in this rescue is not only the financial interest of creditors but also the fate of a key piece of payments infrastructure for the UK charity sector. Failure of this plan will likely lead to the collapse and liquidation of GoodBox. This would be bad for creditors as they are unlikely to make any material value recovery in such a scenario. Additionally, this would also be bad for the thousands of charities that use GoodBox products and services and have come to rely on them for their funding and their ability to deliver social impact leveraging the funds they raise.

11.2 The longer this process takes the more the Administration will cost which will erode the value recovery for the creditors. On that basis, NGi Systems recommends that the creditors express their support for this plan by replying to this letter and by voting in favour of the Restructuring Plan at the Plan Meeting.

11.3 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