

NIGHTINGALE INTELLIGENT SYSTEMS, INC
ARBN 659 369 221

SUPPLEMENTARY PROSPECTUS

Important information

This is a supplementary prospectus (**Supplementary Prospectus**) which supplements the replacement prospectus dated 19 August 2022 (**Prospectus**) issued by Nightingale Intelligent Systems, Inc. ARBN 659 369 221 (**Company**).

This Supplementary Prospectus is dated 26 September 2022 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus is intended to be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus unless specified otherwise. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus is available in electronic form on the Company's website at www.nightingale.automicipo.com.au/. A hard copy of this Supplementary Prospectus together with the Prospectus is also available on request as set out in the Prospectus.

Under the Corporations Act, the Company has an obligation to update a disclosure document if it becomes aware of new information that is material to investors. Due to market volatility caused by macro-economic conditions, the Company has determined to revise the terms of the Offer. This Supplementary Prospectus has been prepared to provide information to investors on the revised terms of the Offer and the impact of these changes on the Company's capital structure, financial position and plans for the business. As such, this is an important document and should be read in its entirety. If you do not understand any of the information presented in this Supplementary Prospectus, you should consult your professional advisers.

Purpose of this document

This Supplementary Prospectus has been prepared to:

1. extend the Offer period;
2. make certain changes to the Offer structure and terms including reducing the Offer Price, amending the Minimum Subscription under the Offer, providing one New Option for every two CDIs subscribed for and amending the maximum number of CDIs and New Options that may be issued under the Offer as set out in section 1.1 (together, **New Offer Terms**); and
3. to provide an update to investors of the impact of the New Offer Terms on the Company's capital structure, financial position and plans for the business.



REVISED TIMETABLE

The new indicative timetable for the Offer is as follows, which replaces the timetable set out in the Prospectus and references to dates throughout the Prospectus should be deemed to be updated accordingly.

| Event | Date |
|---|---------------------------|
| Lodgement of Original Prospectus with ASIC | 5 August 2022 |
| Lodgement of Replacement Prospectus with ASIC | 19 August 2022 |
| Offer opened | 22 August 2022 |
| Offer closes | 5:00pm on 11 October 2022 |
| Allotment of CDIs and New Options | 18 October 2022 |
| Expected date for dispatch of holding statements | 18 October 2022 |
| Trading of CDIs and New Options commences on ASX (on a normal settlement basis) | 24 October 2022 |

These dates and times are indicative only. The Company reserves the right to further vary the dates and times of the Offer without prior notice, subject to the Corporations Act. In particular, the Company reserves the right to close the Offer or any part of it early or to extend the Offer Period relating to any part of the Offer, or to accept late Applications, either generally or in particular cases, in each case without notifying any recipient of this Supplementary Prospectus, the Prospectus or any Applicants.

UPDATED KEY OFFER STATISTICS

| Company | Nightingale Intelligent Systems, Inc. |
|--|---|
| Proposed ASX Code for the Shares | NGL |
| Securities offered | CDIs (each representing one Share) and 1 New Option for every 2 CDIs subscribed for |
| Ratio of CDIs per Share | 1 CDI: 1 Share |
| Number of Securities on issue at the date of this Supplementary Prospectus | 64,112,905 ¹ |
| Offer Price per CDI | A\$0.22 |
| Number of CDIs and New Options (on a 1 for 2 basis for CDIs subscribed for) available under the Offer (Minimum Subscription) | 22,727,723 CDIs and 11,363,636 Options |
| Number of CDIs and New Options (on a 1 for 2 basis for CDIs subscribed for) available under the Offer (Maximum Subscription) | 27,272,727 CDIs and 13,636,364 Options |
| Gross proceeds from the Offer (Minimum Subscription) | A\$5,000,000 |
| Gross proceeds from the Offer (Maximum Subscription) | A\$6,000,000 |
| Total number of CDIs on issue on completion of the Offer (Minimum Subscription) (on an undiluted basis) ^{2,3} | 128,777,720 |
| Total number of CDIs on issue on completion of the Offer (Maximum Subscription) (on an undiluted basis) ^{2,3} | 133,323,174 |
| Total number of CDIs on issue on completion of the Offer (Minimum Subscription) (on a fully diluted basis) ^{2,3} | 153,174,747 |

| | |
|--|---------------|
| Total number of CDIs on issue on completion of the Offer (Maximum Subscription) (on a fully diluted basis) ^{2,3} | 159,992,929 |
| Indicative market capitalisation on completion of the Offer (Minimum Subscription) (on an undiluted basis) ^{2,3,4} | A\$28,331,098 |
| Indicative market capitalisation on completion of the Offer (Maximum Subscription) (on an undiluted basis) ^{2,3,4} | A\$29,331,098 |
| Indicative market capitalisation on completion of the Offer (Minimum Subscription) (on a fully diluted basis) ^{2,3,5,6} | A\$33,698,444 |
| Indicative market capitalisation on completion of the Offer (Maximum Subscription) (on a fully diluted basis) ^{2,3,5,6} | A\$35,198,444 |

¹ Assuming conversion of all preferred stock into Shares and exercise of the warrants as set out in Section 10.3 of the Prospectus.

² Assumes all Shares are held in the form of CDIs.

³ On completion of the Offer, in addition to the Securities available under the Offer, the Company will issue:

a) 19,749,141 CDIs on conversion of the Convertible Notes as described in section 10.3 of the Prospectus with a valuation cap of A\$10,000,000 and a conversion price of A\$0.11 per CDI; and a further 21,788,401 at a 30% discount to the IPO price of A\$0.22.

b) 400,000 CDIs to the Lead Manager and Corporate Adviser for services performed with respect to the IPO. Refer to Section 10.17 of the Prospectus for further details.

c) 7,000,000 RSUs and 400,000 options to Directors and management. Refer to Section 10.8 of the Prospectus for further details.

⁴ Calculated as the total number of Securities on issue following the Offer multiplied by the Offer Price per CDI.

⁵ Calculated as the total number of Securities on issue following the Offer (on a fully diluted basis) (based on the Offer Price) multiplied by the Offer Price per CDI.

⁶ If all investors under the Bridge Financing convert to CDIs, an additional 5,964,310 will be issued for a total of 159,139,057 CDIs at the Minimum Subscription on a fully diluted basis or 165,957,239 at the Maximum Subscription on a fully diluted basis. Refer to section 9.6 of the Prospectus for further details.

1. EXTENSION TO THE OFFER AND AMENDMENT TO OFFER TERMS

1.1 Extension to Offer and amendment to Offer terms

Due to market conditions becoming increasingly unfavourable against the backdrop of rising inflation, the ongoing war in Ukraine, energy shortages and supply chain challenges, the Company has decided to extend the Closing Date under the Offer as set out in the revised indicative timetable above. In addition, the Company is making certain changes to the structure and terms of the Offer as set out below:

- 1.1.1 the Company is now seeking to raise a minimum of A\$5 million (**Minimum Subscription**) and a maximum of A\$6 million (**Maximum Subscription**) under the Offer;
- 1.1.2 the Offer Price has been reduced to A\$0.22;
- 1.1.3 Applicants will now receive one New Option for every two CDIs subscribed for and the Exercise Price of the New Options will now be A\$0.35. The expiry date of the New Options is 16 September 2025; and
- 1.1.4 Providing that the minimum number of CDIs that may be applied for is 10,000 and in multiples of 1,000 CDIs thereafter

The remaining terms of the Offer and the rights attaching to the CDIs and New Options are unchanged.

All references to the above terms of the Offer in the Prospectus are replaced by the New Offer Terms.

1.2 Minimum Subscription

Section 1 and Section 8.3 of the Original Prospectus is updated to reflect the following:

- 1.2.1 the Minimum Subscription amount which must be raised under the Offer is A\$5 million, which will be raised by the issue of CDIs; and
- 1.2.2 if the Minimum Subscription has not been raised within 4 months after the date of this Supplementary Prospectus, the Company will not issue any CDIs or New Options and will repay all application monies for the CDIs within the time prescribed under the Corporations Act, without interest.

1.3 Withdrawal of previous applications and repayment of Application Monies

All Applicants who have submitted Applications under the Prospectus will be contacted by the Lead Manager, their Broker or the Company, and offered a refund of their Application Monies.

Applicants will be offered the option to:

- 1.3.1 withdraw their Application and receive a refund of their Applicant Monies; or
- 1.3.2 submit a new Application for CDIs under the New Offer Terms under this Supplementary Prospectus by completing the new Application Form attached to or accompanying this Supplementary Prospectus and direct that all or part of its Application Monies previously paid to the Company or Lead Manager (**New Application**) be applied to the pay the revised Offer Price for CDIs under this Supplementary Prospectus.

If Applicants do not elect to apply their Application Monies towards a New Application prior to the Closing Date, in accordance with section 724(2) of the Corporations Act, their Application Monies will be repaid in full (without interest).

2. UPDATE TO STRATEGY AND USE OF FUNDS

2.1 Change in Strategy

- 2.1.1 Under the terms of this Supplementary Prospectus, the Company is extending the Closing Date under the Offer as set out in the revised indicative timetable above and reducing the size of the Offer from A\$5 million to A\$6 million in addition to changing the Offer Price.
- 2.1.2 As a lower level of funds will be available to the Company following listing, the Company has had to scale back certain elements of its short term growth strategies, including:
- (a) reducing expenditure on marketing and advertising;
 - (b) reducing the number of anticipated new staff to be hired over the next 12 months from 8-12 to 6-10 across both sales and research and development; and
 - (c) reducing expenditure on research and development.
- 2.1.3 The Company intends to focus on expansion of the business and proposes to recruit 6-10 new staff across both marketing and research and development. Alongside this, one of the primary growth strategies for the Company will be to focus on the development new of products and services and to enhance and improve existing products and services albeit that it will be constrained to some degree on the timing for these developments due to the reduced funding available.

2.2 Use of Funds

The Company intends that the funds raised under the amended Offer pursuant to this Supplementary Prospectus will be applied as follows, noting that the table below replaces the tables in section 1 and 8.4 of the Prospectus:

USE OF FUNDS

| | Minimum Subscription A\$'(000) | Minimum Subscription US\$(000) | Minimum Subscription % of funds raised | Maximum Subscription A\$'(000) | Maximum Subscription US\$(000) | Maximum Subscription % of funds raised |
|--------------------------------------|--------------------------------|--------------------------------|--|--------------------------------|--------------------------------|--|
| Sales and Marketing | 686 | 473 | 14% | 784 | 541 | 13% |
| Research and Development | 712 | 491 | 14% | 788 | 544 | 13% |
| Repayment of Bridge Financing | 614 | 423 | 12% | 614 | 423 | 10% |
| Costs of the Offer | 1,365 | 942 | 27% | 1,426 | 984 | 24% |
| Working capital¹ | 1,623 | 1,121 | 32% | 2,389 | 1,648 | 40% |

| | | | | | | |
|-------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| Total uses | 5,000 | 3,450 | 100% | 6,000 | 4,140 | 100% |
|-------------------|--------------|--------------|-------------|--------------|--------------|-------------|

¹ The Company will use working capital to pay for deployment expenses such as manufacturing UAS and Base components, establishing new offices and engaging approximately 6-10 new staff members, marketing, advertising and other general administrative costs such as travel, directors' fees, legal, audit and drone registration costs.

The above table is a statement of current intentions as at the date of this Supplementary Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on several factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. Considering this, the Board reserves its right to alter the way the funds are applied. In addition, as the proceeds of the Offer will be received in Australian dollars and the expenditure will be primarily in U.S. dollars, the actual amount of the proceeds used for each of the items above will depend on the A\$:US\$ exchange rate at the time that the funds are converted to U.S. dollars.

The Board believes that the Company's current cash reserves, its cashflow from existing operations, plus the net proceeds of the revised Offer will be sufficient to fund the Company's stated business objectives, including to:

- 2.2.1 fund and accelerate Nightingale's growth strategy including by hiring 6-10 new staff;
- 2.2.2 fund the research and development of new products or enhancements to existing products; and
- 2.2.3 fund working capital requirements.

To the extent that investors exercise the New Options after listing, the Company intends to apply any proceeds of such exercise towards Sales and Marketing, Research and Development and working capital. If all New Options are exercised, a maximum of \$3,077,273 would be raised based on the Minimum Subscription and a maximum of \$4,772,727 would be raised at the Maximum Subscription.

3. FINANCIAL INFORMATION

As a result of the amendments to the Offer terms as noted in section 1 above, there have been some consequential changes to certain financial information in Section 6 of the Prospectus (Financial Information), with the revised financial information set out below in this section 3. This financial information should be read together with the other information in the Prospectus (including this Supplementary Prospectus) and with the Investigating Accountant's Report at Appendix 1.

The Historical Financial Information included in this Section 3 has been prepared in accordance with the recognition and measurement principles prescribed by Generally Accepted Accounting Principles in the United States of America (**USGAAP**).

The Historical Financial Information has been prepared for the purpose of the Offer.

The Historical Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information by the Investigating Accountant, who's Independent Limited Assurance Report on the Historical Financial Information is contained in Appendix 1. Investors should note the scope and limitations of that report.

3.1 Proforma Balance Sheet

Following the amendments to the Offer terms as noted in section 1 above, the Statutory and Pro Forma Historical Consolidated Balance Sheet of the Company based on the New Offer

Terms is set out below which replaces Table 4 in section 6.7 of the Prospectus.

TABLE 4: STATUTORY AND PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

| \$'000 | As at 31-Dec-21 Audited (US\$'000) | Minimum Subscription pro forma as at 31-Dec-21 (US\$'000) | Minimum Subscription pro forma as at 31-Dec-21 (A\$'000) | Maximum Subscription pro forma as at 31-Dec-21 (US\$'000) | Maximum Subscription pro forma as at 31-Dec-21 (A\$'000) |
|--------------------------------------|------------------------------------|---|--|---|--|
| Current assets | | | | | |
| Cash and cash equivalents | 1,253 | 4,485 | 6,501 | 5,133 | 7,440 |
| Trade receivables | 762 | 762 | 1,104 | 762 | 1,104 |
| Inventories | 105 | 105 | 151 | 105 | 151 |
| Prepayments and other assets | 319 | 306 | 443 | 306 | 443 |
| Total current assets | 2,439 | 5,658 | 8,199 | 6,306 | 9,138 |
| Non-current assets | | | | | |
| Property, plant and equipment | 66 | 66 | 95 | 66 | 95 |
| Operating lease assets | 225 | 225 | 327 | 225 | 327 |
| R&D assets | 19 | 19 | 28 | 19 | 28 |
| Other assets | 46 | 46 | 67 | 46 | 67 |
| Total non-current assets | 356 | 356 | 517 | 356 | 517 |
| Total assets | 2,795 | 6,014 | 8,716 | 6,662 | 9,655 |
| Current liabilities | | | | | |
| Trade payables | 132 | 132 | 192 | 132 | 192 |
| Accrued expenses | 76 | 76 | 110 | 76 | 110 |
| Accrued interest | 207 | - | - | - | - |
| Deferred revenue | 893 | 893 | 1,294 | 893 | 1,294 |
| Total current liabilities | 1,308 | 1,101 | 1,596 | 1,101 | 1,596 |
| Non current liabilities | | | | | |
| Convertible notes | 1,926 | - | - | - | - |
| Borrowings | - | 869 | 1,259 | 869 | 1,259 |
| Derivative liability | 1,906 | - | - | - | - |
| Total non current liabilities | 3,832 | 869 | 1,259 | 869 | 1,259 |
| Total liabilities | 5,140 | 1,970 | 2,855 | 1,970 | 2,855 |
| Net assets | (2,345) | 4,044 | 5,861 | 4,692 | 6,800 |
| Shareholder's equity | | | | | |
| Share capital | 22,969 | 28,064 | 40,673 | 28,712 | 41,611 |
| Reserves | - | - | - | - | - |
| Accumulated losses | (25,315) | (24,020) | (34,812) | (24,020) | (34,811) |
| Total shareholder's equity | (2,345) | 4,044 | 5,861 | 4,692 | 6,800 |

Notes: Description of key Balance Sheet items

1. cash and cash equivalents: represent the balances held in various bank accounts;
2. trade receivables represent amounts owed by customers;
3. prepayments and other assets represent various pre-paid expenses;
4. property, plant & equipment represent fixed assets (predominately computer equipment and leasehold improvements);
5. other assets represents the initial investment in NIS UK;
6. operating lease assets comprise of drone and base inventory currently leased to customers;
7. R&D assets comprise of drones and bases held for development purposes;
8. trade payables predominantly relate to operating costs given that inventory suppliers are mostly pre-paid.

9. accrued expenses relates predominantly to accrued rent and payroll and accrued vacation leave (annual leave);
10. accrued interest relates to recognised interest on borrowings;
11. deferred revenue relates to income received in advance from customers;
12. convertible notes have been issued in tranches over the Historical Period, the majority carrying an interest rate of 15% p.a.; and
13. derivative liabilities relates to the conversion terms of the Convertible Notes and is extinguished on conversion of the Convertible Notes.

3.2 Pro forma adjustments

The following transactions and events contemplated in this Supplementary Prospectus which are to take place on or before completion of the Offer, referred to as the Pro Forma Adjustments, are presented as if they, together with the Offer, had occurred on or before 31 December 2021 and are set out below.

With the exception of the pro forma transactions noted below no material transactions have occurred between 31 December 2021 and the date of this Supplementary Prospectus, which the Directors consider require disclosure.

Subsequent event transactions:

- 3.2.1 The receipt of the U.S Small Business Administration (SBA) promissory note of \$0.15 million (A\$0.2 million) in March 2022.
- 3.2.2 Proceeds received of approximately \$0.7 million (A\$1.0 million) in relation to the Bridge Financing. This was received in two equal tranches in May and June 2022.
- 3.2.3 The accrual of interest in relation to the Convertible Notes held from 31 December 2021 until the Offer date for a total of \$0.6 million.
- 3.2.4 The conversion of principal and interest outstanding on all Convertible Notes into 41,537,542 Shares. This will include an adjustment to fair value the derivative liability at the conversion date, with any excess amounts being recorded against retained earnings. A total of \$11,756 (A\$17,038) of convertible notes and accrued interest will be repaid in cash.

Pro forma transactions:

- 3.2.5 The completion of the Offer on a Minimum Subscription basis, raising approximately c.\$3.45 million (A\$5.0 million) and involving the issue of 22,272,723 CDIs (22,272,723 shares);
- 3.2.6 Expenses associated with the Offer on a Minimum Subscription basis (including advisory, legal, accounting and administrative fees as well as printing, advertising and other expenses), charged against share capital. The total amounts to an estimated \$1.1 million (c.A\$1.6 million). As at 31 December 2021 the Company has paid \$13,000 (A\$19,000) of Offer costs recorded against other assets, with a further \$133,628 (A\$193,665) paid between 31 December 2021 and Prospectus date;
- 3.2.7 The issue of an additional 4,545,454 CDIs (4,545,454 shares) to raise an additional c.\$0.69 million (A\$1.0 million) (Maximum Subscription); and
- 3.2.8 Payment of additional cash offer costs of \$42,000 (A\$61,000) on a Maximum Subscription basis with a total of \$1.1 million (A\$1.6 million) being capitalised to share capital.

3.3 Pro forma cash and cash equivalents

Table 5: Pro forma cash and cash equivalents summary

| \$'000 | Ref. | Minimum | Maximum Subscription |
|--|---------------|--------------|----------------------|
| | | Subscription | |
| | | Dec-21 | Dec-21 |
| Audited cash and cash equivalents as at 31 December 2021 | | 1,253 | 1,253 |
| Subsequent event transactions | | | |
| SBA promissory note | 3.2.1 | 150 | 150 |
| Bridge convertible notes | 3.2.2 | 719 | 719 |
| Repayment of convertible notes and accrued interest (cash portion) | 3.2.4 | (12) | (12) |
| Pro forma transactions | | | |
| Offer | 3.2.5 & 3.2.7 | 3,450 | 4,140 |
| Offer costs | 3.2.6 & 3.2.8 | (1,075) | (1,117) |
| Pro forma cash and cash equivalents | | 4,485 | 5,133 |

Nightingale expects that it will have sufficient cash to fund its operational requirements and business objectives following the Offer to at least July 2024.

3.4 Pro forma capital structure

Table 6: Pro forma capital structure as at 31 December 2021

| | No. of shares/CDIs | Share capital (\$'000) | Accum. Losses (\$'000) | SBP reserve (\$'000) | Net assets (\$'000) |
|---|--------------------|------------------------|------------------------|----------------------|---------------------|
| As at 31 December 2021 | 60,612,905 | 22,969 | (25,315) | - | (2,346) |
| Subsequent events | | | | | |
| Founder shares issued at nil value ¹ | 3,500,000 | - | - | - | - |
| Convertible note accrued interest | - | - | (611) | - | (611) |
| Convertible Note conversion | 41,537,542 | 2,734 | 1,906 | - | 4,640 |
| Pre offer capital structure | 105,650,447 | 25,703 | (24,020) | - | 1,682 |
| Pro forma transactions in relation to the minimum offer | | | | | |
| Public offer | 22,272,273 | 3,450 | - | - | 3,450 |
| Lead Manager and Corporate Adviser shares | 400,000 | - | - | - | - |
| Offer costs | - | (1,089) | - | - | (1,089) |
| Total | 128,777,720 | 28,064 | (24,020) | - | 4,044 |
| Pro forma transactions in relation to the maximum offer | | | | | |
| Public offer | 27,272,727 | 4,140 | - | - | 4,140 |
| Offer costs | - | (1,131) | - | - | (1,131) |
| Lead Manager and Corporate Adviser shares | 400,000 | - | - | - | - |
| Total | 133,323,174 | 28,712 | (24,020) | - | 4,692 |

¹ 3,500,000 shares issued at nil value does not result in an accounting entry to be recorded in the pro forma balance sheet under US GAAP.

3.5 Indebtedness and Capitalisation

The below table sets out the indebtedness and capitalisation of Nightingale as at 31 December 2022, before and after having adjusted for the amended pro forma impact of the Offer, which replaces Table 7 in section 6.11 of the Prospectus.

TABLE 7: INDEBTEDNESS AND CAPITALISATION AS AT 31 DECEMBER 2021

| \$'000 | Before completion of the offer | Minimum Subscription | Maximum Subscription |
|--|--------------------------------|-------------------------------|-------------------------------|
| | | After completion of the offer | After completion of the offer |
| Cash and cash equivalents | 1,253 | 4,485 | 5,133 |
| Convertible notes | (1,926) | - | - |
| Borrowings | - | (869) | (869) |
| Derivative liability | (1,906) | - | - |
| Total net indebtedness | (2,579) | 3,616 | 4,264 |
| Share capital | 22,969 | 28,064 | 28,712 |
| Reserves | - | - | - |
| Accumulated losses | (25,315) | (24,020) | (24,012) |
| Total equity | (2,346) | 4,044 | 4,692 |
| Total capitalisation and indebtedness | (4,925) | 7,660 | 8,956 |

4. ADDITIONAL INFORMATION

The revised capital structure tables below include information relating to the number of CDIs and New Options the Company will issue under this Supplementary Prospectus based on the updated Minimum Subscription and Maximum Subscription.

4.1 Capital structure following the Offer

Following the amendment of the Offer terms as noted in section 1 above, as at the Allotment Date, the issued share capital of the Company will be as follows based on the Minimum Subscription and Maximum Subscription, noting that the table below replaces the table in section 1 and 10.4 of the Prospectus.

| Class of Security | On completion of the Offer | |
|--|--|--|
| | Number of Securities based on Minimum Subscription | Number of Securities based on Maximum Subscription |
| Shares before IPO | 64,112,905 | 64,112,905 |
| Convertible Noteholders | 41,537,542 | 41,537,542 |
| CDIs issued under the Offer | 22,727,273 | 27,272,727 |
| Adviser CDIs | 400,000 | 400,000 |
| Total | 128,777,720 | 133,323,174 |
| RSUs | 7,000,000 | 7,000,000 |
| Employee Options | 6,012,927 | 6,012,927 |
| New Options | 11,363,636 | 13,636,364 |
| Silicon Valley Bank Warrants | 20,464 | 20,464 |
| Total CDIs on a fully diluted basis | 153,174,747 | 159,992,929 |

¹ If all investors under the Bridge Financing convert to CDIs, an additional 5,964,310 will be issued for a total of 159,139,057 CDIs at the Minimum Subscription on a fully diluted basis or 165,957,239 at the Maximum Subscription on a fully diluted basis. Refer to section 9.6 of the Prospectus for further details.

4.2 Options on Issue

The Company will have the following Options and Warrants on issue on listing:

| Employee Options | | | |
|------------------|--------------------------|----------|-------------------|
| Grant Date | Exercise price per Share | Term | Number of Options |
| 03/10/2021 | US\$0.03 (A\$0.04) | 10 Years | 4,745,000 |
| 12/09/2021 | US\$0.07 (A\$0.10) | 10 Years | 745,927 |
| 18/10/2022 | US\$0.15 (A\$0.22) | 10 years | 400,000 |
| 02/02/2018 | US\$0.47 (A\$0.68) | 10 Years | 122,000 |
| Total | | | 6,012,927 |

Following the amendment of the Offer terms as noted in section 1 above, as at the Allotment Date, the Company will issue the following New Options at a 1:2 ratio to the CDIs issued under the Offer, noting that the table below replaces the table in section 10.5 of the Prospectus.

| Grant date | Exercise price per Share | Term | Number of listed Options (Minimum Subscription) | Number of listed Options (Maximum Subscription) |
|------------|--------------------------|---------|---|---|
| 16/09/2022 | A\$0.35 | 3 Years | 11,363,636 | 13,636,364 |

4.3 Substantial holders

The table below sets out the interests of the Existing Shareholders as at the date of this Supplementary Prospectus, immediately following the Offer who hold a substantial interest in Securities of the Company. The table does not reflect any CDIs which the Existing Shareholders may subscribe for under the Offer, noting that the table below replaces the table in section 1 and 8.11 of the Prospectus.

| Name | Shares ¹ | % ¹ | Options | RSUs | Minimum Subscription (undiluted) | Maximum Subscription (undiluted) | Minimum Subscription (fully diluted) | Maximum Subscription (fully diluted) |
|------------------------|---------------------|----------------|-----------|----------------------------|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| Prospectus Date | | | | On completion of the Offer | | | | |
| BVM Fund LLC | 14,480,907 | 22.59% | - | - | 9.45% | 9.05% | 11.24% | 10.86% |
| Motasim Faleh H. Hajaj | 13,782,660 | 21.51% | - | - | 9.00% | 8.62% | 10.71% | 10.35% |
| Jack Wu | 4,250,000 | 6.63% | 2,200,000 | 3,500,000 | 6.50% | 6.22% | 3.30% | 3.19% |
| John Hsu | 4,250,000 | 6.63% | 2,200,000 | 3,500,000 | 6.50% | 6.22% | 3.30% | 3.19% |
| Total | 36,763,567 | 57.36% | 4,400,000 | 7,000,000 | 31.45% | 30.11% | 28.56% | 27.58% |

¹ Assuming all preference shares and warrants were converted to Shares prior to the Prospectus Date.

4.4 Related party interests

Certain directors and related parties currently hold interests in Shares, preferred stock, options, warrants and restricted stock units in the Company's share capital. As described in section 10.4 of the Prospectus, prior to listing, all preferred stock and preferred stock warrants will convert into Shares (or be cancelled). Following the amendment of the Offer terms as noted in section 1 above, as at the Allotment Date, the table below sets out the updated interests of the Directors and related parties on completion of the Offer (excluding any CDIs or New Options the Directors may apply for under the Offer), noting that the table below replaces the tables in section 1 and 5.4.2 of the Prospectus.

| Name | CDIs | Options | RSUs | Minimum Subscription (undiluted) | Maximum Subscription (undiluted) | Minimum Subscription (fully diluted) | Maximum Subscription (fully diluted) |
|-----------------------------------|------------|-----------|-----------|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| Jack Wu | 4,250,000 | 2,200,000 | 3,500,000 | 3.30% | 3.19% | 6.50% | 6.22% |
| John Hsu | 4,250,000 | 2,200,000 | 3,500,000 | 3.30% | 3.19% | 6.50% | 6.22% |
| Denis Hébert¹ | 1,606,573 | 100,000 | - | 1.25% | 1.21% | 1.11% | 1.07% |
| Alan Braverman² | 3,607,122 | - | - | 2.80% | 2.71% | 2.35% | 2.25% |
| Stratos Karousos | - | 155,927 | - | 0.00% | 0.00% | 0.10% | 0.10% |
| Tony Zhang³ | 14,480,907 | - | - | 11.24% | 10.86% | 9.45% | 9.05% |
| Michael Tschidener | - | 600,000 | - | 0.00% | 0.00% | 0.39% | 0.38% |
| Total | 28,194,602 | 5,255,927 | 7,000,000 | 21.89% | 21.15% | 26.41% | 25.28% |

¹ Denis Hébert holds shares under the entity name The Hébert Trust.

² Alan Braverman holds shares under the entities Giant Pixel Corporation Inc and Triple AB LP.

³ Tony Zhang holds shares under the entity name BVM Fund LLC.

4.5 Escrow Arrangements

Certain existing Shareholders will be restricted from dealing in their CDIs or Shares following Listing. These restrictions are imposed by the ASX.

The ASX Listing Rules require that certain persons or entities that are 'significant holders', such as seed capitalists, promoters and related parties, enter into written restriction agreements under which they are restricted from dealing in a specified number of their CDIs or Shares for up to 24 months from the date of quotation of those CDIs or Shares. The restriction agreements will be in the form required by the ASX Listing Rules over such number of CDIs or Shares and for such period of time as determined by the ASX, and restrict the ability of the holder of the CDIs or Shares from disposing of, creating any security interest in or transferring effective ownership or control of such CDIs or Shares. Under the ASX Listing Rules, less significant holders are not always required to enter into formal agreements. The Company may in certain circumstances instead rely on the provisions of

an escrow notice and the provisions of its Bylaws under which these restrictions are imposed and instruct the Share Registry to impose a holding lock on their securities. If a Security holder breaches or violates the applicable restrictions, the applicable securities will be automatically converted into Common Prime Stock, as described in section 10.9 of the prospectus, for so long as the breach continues.

Following the amendment of the Offer terms as noted in section 1 above, as at the Allotment Date, the table below sets out the updated escrow arrangements, noting that the table below replaces the table in section 10.10 of the Prospectus.

| Holder | CDIs held on completion of the Offer subject to escrow | Options held on completion of the Offer subject to escrow | RSUs held on completion of the Offer subject to escrow | No. of securities subject to 12 months escrow post IPO ⁵ | No. of securities subject to 24 months escrow post IPO ⁵ | % subject to escrow restrictions (Minimum Subscription) (undiluted) | % subject to escrow restrictions (Minimum Subscription) (fully diluted) | % subject to escrow restrictions (Maximum Subscription) (undiluted) | % subject to escrow restrictions (Maximum Subscription) (fully diluted) |
|-----------------------------|--|---|--|---|---|---|---|---|---|
| Jack Wu | | | | | 4,250,000 CDIs | | | | |
| | 4,250,000 | 2,200,000 | 3,500,000 | | 2,200,000 Options | 3.30% | 6.50% | 3.19% | 6.22% |
| | | | | | 3,500,000 RSUs | | | | |
| John Hsu | | | | | 4,250,000 CDIs | | | | |
| | 4,250,000 | 2,200,000 | 3,500,000 | | 2,200,000 Options | 3.30% | 6.50% | 3.19% | 6.22% |
| | | | | | 3,500,000 RSUs | | | | |
| Tony Zhang ¹ | 5,097,605 | | | | 5,097,605 | 3.96% | 3.33% | 3.82% | 3.19% |
| Denis Hébert ² | | 100,000 | | | 100,000 | 0.00% | 0.07% | 0.00% | 0.06% |
| Stratos Karousos | | 155,927 | | | 155,927 | 0.00% | 0.10% | 0.00% | 0.10% |
| Alan Braverman ³ | 281,006 | | | | 281,006 | 0.22% | 0.18% | 0.21% | 0.18% |
| Motasim Faleh H. Hajaj | 6,557,589 | | | | 6,557,589 | 5.09% | 4.28% | 4.92% | 4.10% |
| Lead Manager and Associates | | | | | 823,302 | 0.64% | 0.54% | 0.62% | 0.51% |

823,302

| | | | | | | | | | |
|----------------------|------------|-----------|-----------|-----------|------------|--------|--------|--------|--------|
| Corporate Adviser | 4,525,730 | | | | 4,525,730 | 3.51% | 2.95% | 3.39% | 2.83% |
| Other Shareholders | 1,158,089 | | | | 1,158,089 | 0.90% | 0.76% | 0.87% | 0.72% |
| Noteholders | 5,085,631 | | | | 5,085,631 | 3.95% | 3.32% | 3.81% | 3.18% |
| | | | | | | | | | |
| Total ^{4,5} | 32,028,952 | 4,655,927 | 7,000,000 | 6,243,720 | 37,441,159 | 24.87% | 28.52% | 24.02% | 27.30% |

¹ Tony Zhang holds shares under the entity name BVM Fund LLC

² Denis Hébert holds shares under the entity name The Hébert Trust.

³ Alan Braverman holds shares under the entities Giant Pixel Corporation Inc and Triple AB LP.

⁴ If all investors under the Bridge Financing convert to CDIs, an additional 5,964,310 will be issued for a total of 159,139,057 CDIs at the Minimum Subscription on a fully diluted basis or 165,957,239 at the Maximum Subscription on a fully diluted basis. Refer to Section 9.6 of the Prospectus for further details.

⁵ From the 5,964,310 shares that may be converted to CDIs, 3,102,357 will have an escrow of 12 months and 2,861,953 will have an escrow period of 24 months.

The Company's free float at the time of Listing will be 75.13% on the Minimum Subscription and 75.98% on Maximum Subscription.

4.6 Bridge Financing

As outlined in section 9.6 of the Prospectus, the Company entered into Bridge Financing with certain Subscribers for convertible loans in the Company to the value of an aggregate A\$1 million. As a result of market conditions becoming increasingly unfavourable as outlined in section 1.1, section 9.6 of the Prospectus is amended to reflect the Company extending the Maturity Date of the Bridge Financing from the 5 October 2022 to the 31 October 2022.

4.7 Certificate of Incorporation

As outlined in section 10.9 of the Prospectus, the Company is authorised to issue 255,000,000 Shares, par value of US\$0.00001 per share, 150,000,000 of which are designated “Common Stock,” and 105,000,000 of which are designated “Common Prime Stock”. Section 10.9 is amended to reflect an increase to 250,000,000 of “Common Stock”, bringing the total shares the Company is authorised to issue to 305,000,000 Shares subject to stockholder consent being obtained prior to the Allotment Date.

4.8 Offer expenses

As a result of the New Offer Terms, there have been some consequential changes to the costs of the Offer as outlined in the table below, which replaces the table in section 10.17 of the Prospectus.

The Company has paid or will pay all the costs associated with the Offer. If the Offer proceeds, the total estimated cash expenses in connection with the Offer (including lead management, advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately A\$1.58 million assuming Minimum Subscription is reached and A\$1.64 million assuming the Maximum Subscription is reached of which approximately A\$212,505 has been paid at the Prospectus Date.

A Summary of the Offer costs is set out below:

| Offer Costs | Minimum Subscription | Maximum Subscription | Minimum Subscription | Maximum Subscription |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | A\$'000 | A\$'000 | US\$'000 | US\$'000 |
| Australian Legal fees | 240 | 240 | 166 | 166 |
| United States Legal fees | 435 | 435 | 300 | 300 |
| Specialist reports | 10 | 10 | 7 | 7 |
| Investigative accountant report | 165 | 165 | 114 | 114 |
| Travel | 20 | 20 | 14 | 14 |
| Media and Investor relations | 10 | 10 | 7 | 7 |
| ASIC lodgement fee | 1 | 1 | 1 | 1 |
| Share registry fee | 48 | 48 | 33 | 33 |
| Printing | 10 | 10 | 7 | 7 |
| Listing fee | 104 | 105 | 71 | 72 |
| Lead Manager fees | 422 | 482 | 291 | 332 |
| Corporate advisory fee | 113 | 113 | 78 | 78 |
| Total | 1,578 | 1,639 | 1,089 | 1,131 |

5. AMENDMENT TO DEFINITIONS

The defined terms in the Glossary in section 11 of the Prospectus set out in column 1 of the table below are amended by replacing their definitions with the definitions set out in the corresponding cell in column 2 of the table below.

| Term | Definition |
|--------------------------|---|
| Closing Date | means the date that the Offer closes, being 5:00pm on 11 October 2022. |
| Exercise Price | means A\$0.35. |
| Maximum Subscription | means A\$6,000,000. |
| Minimum Subscription | means A\$5,000,000. |
| Offer | means the offer of CDIs and New Options to raise between A\$5,000,000 and \$6,000,000. |
| Offer Price | means A\$0.22 (or US\$0.15 for US applicants under the Chairman's List Offer). |
| Prospectus | The replacement prospectus, dated 19 August 2022, for the issue of CDIs and New Options, as supplemented and amended by this supplementary prospectus dated 26 September 2022 (including the electronic form of that Prospectus). |
| Supplementary Prospectus | This supplementary prospectus, dated 26 September 2022, which supplements and amends the replacement prospectus dated 19 August 2022 |

6. CONSENTS AND AUTHORISATION

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

Directors' authorisations

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.



Jack Wu
Executive Director and Chief Executive Officer
for and on behalf of
Nightingale Intelligent Systems, Inc.

APPENDIX 1
INVESTIGATING ACCOUNTANT'S REPORT

The Board of Directors
Nightingale Intelligent Security Inc.
8450 Central Ave, Suite 1A
NEWARK CA 94560

**Grant Thornton Corporate
Finance Pty Ltd**
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

26 September 2022

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of Nightingale Intelligent Systems Inc. ("Nightingale" or the "the Company") for inclusion in the Supplementary Prospectus dated 26 September 2022 (the "Prospectus") in respect of the initial public offering of fully paid CHES Depositary Interests in the Company ("the Offer") and admission to the Australian Securities Exchange.

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an appropriate Australian Financial Services Licence (AFS Licence Number 247140) under the Corporations Act 2001 for the issue of this report. This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at **Appendix A**.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Scope

Grant Thornton Corporate Finance has been engaged by the Directors of the Company to perform a limited assurance engagement in relation to the following historical financial information included in Section 3 of the Prospectus:

Statutory Consolidated Historical Financial Information

- The audited historical consolidated Balance Sheet as at 31 December 2021 which is included in Section 3.1 of the Prospectus;

(together the "Statutory Consolidated Historical Financial Information").

Pro Forma Consolidated Historical Financial Information

- The pro forma historical consolidated Balance Sheet as at 31 December 2021 and the pro forma adjustments applied as at that date which is included in Section 3.2 of the Prospectus.

ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987 (holder of Australian Financial Services Licence No. 247140), a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

www.grantthornton.com.au

(the “Pro Forma Consolidated Historical Financial Information”)

(together the **Historical Financial Information**)

The Historical Financial Information is presented in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

The Historical Financial Information have been prepared for inclusion in the Prospectus and has been derived from the audited consolidated financial statements of Nightingale Intelligent Systems Inc. and its controlled entities. The consolidated financial statements of Nightingale Intelligent Systems Inc. for FY2019, FY2020 and FY2021 were prepared for the purpose of the Prospectus and were audited by Grant Thornton Audit Pty Ltd in accordance with Australian Auditing Standards. The audit opinion issued to the Directors for FY2019 and FY2020 was qualified as Grant Thornton Audit Pty Ltd was unable to observe stock takes on 31 December 2018 and 31 December 2019 on account of being appointed as auditors on 13 November 2020. Since opening inventories enter into determination of financial performance and cash flows the audit opinion has been qualified in this respect. The audit opinion issued to the Directors for FY2021 was qualified in relation to the comparative balances as a result of the previous period qualification. The audit opinions issued to the Directors in relation to FY2019, FY2020 and FY2021 also included an emphasis of matter in relation to material uncertainty of the Company to continue as a going concern.

The stated basis of preparation is the recognition and measurement principles contained in Generally Accepted Accounting Principles in the United States of America (USGAAP) and the Group’s adopted accounting policies.

The Pro Forma Consolidated Historical Financial Information has been derived from the Statutory Consolidated Historical Financial Information after adjusting for the effects of the pro forma adjustments described in Section 3.2 of the Prospectus (the “Pro Forma Adjustments”). The stated basis of preparation is the recognition and measurement principles contained in Generally Accepted Accounting Standards in the United States of America and the Company’s adopted accounting policies applied to the Pro Forma Adjustments as if those events or transactions had occurred as at the date of the Statutory Consolidated Historical Financial Information. Due to its nature, the Pro Forma Consolidated Historical Financial Information does not represent the Company’s actual or prospective financial position, financial performance or cash flows.

Directors’ Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Consolidated Historical Financial Information and Pro Forma Consolidated Historical Financial Information including the selection and determination of the pro forma adjustments made to the Statutory Consolidated Historical Financial Information and included in the Pro Forma Consolidated Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Consolidated Historical Financial Information and the Pro Forma Consolidated Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Statutory Consolidated Historical Financial Information and the Pro Forma Consolidated Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in

accordance with the Standard on Assurance Engagements ASAE 3450: “*Assurance Engagements involving Corporate Fundraisings and/ or Prospective Financial Information*”.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report of the Group used as a source of the financial information.

We have performed the following procedures which we, in our professional judgement, considered reasonable in the circumstances.

Statutory Consolidated Historical Financial Information and Pro Forma Consolidated Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Statutory Consolidated Historical Financial Information from the audited financial statements of the Group covering FY19, FY20 and FY21.
- consideration of the appropriateness of the pro forma adjustments described in Section 3.2 of the Prospectus;
- enquiry of the Directors, management and others in relation to the Statutory Consolidated Historical Financial Information and Pro Forma Consolidated Historical Financial Information;
- analytical procedures applied to the Statutory Consolidated Historical Financial Information and Pro Forma Consolidated Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Group and its auditors; and
- a review of the consistency of the application of the stated basis of preparation and adopted accounting policies as described in the Prospectus used in the preparation of the Statutory Consolidated Historical Financial Information and Pro Forma Consolidated Historical Financial Information.

Conclusion

Statutory Consolidated Historical Financial Information and Pro Forma Consolidated Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation and (in respect of the Pro Forma Consolidated Historical Financial Information) the event(s) or transaction(s) to which the Pro Forma Adjustments relate, as described in Section 3.2 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the Pro forma Consolidated Historical Financial Information.

Restriction on Use

Without modifying our conclusion, we draw your attention to Section 3 of the Prospectus which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, this Independent Limited Assurance Report may not be suitable for another purpose.

Consent

Grant Thornton Corporate Finance consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included and to being named in the Prospectus as the Investigating Accountant.

Liability

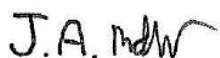
The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully,

GRANT THORNTON CORPORATE FINANCE PTY LTD

A handwritten signature in black ink, appearing to read 'J.A. Mather', with a stylized flourish at the end.

JONATHAN MATHER

Partner

Appendix A (Financial Services Guide)

This Financial Services Guide is dated 26 September 2022.

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) (Grant Thornton Corporate Finance) has been engaged by Nightingale Intelligent Systems Inc. ("Nightingale" or "the Company") to provide a report in the form of an Independent Limited Assurance Report (the "Report") for inclusion in a Supplementary Prospectus dated 26 September 2022 (the "Prospectus") relating to the offer of fully paid CDI's in the Company (the "Offer"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

ABN-59 003 265 987 ACN-003 265 987 AFSL-247140

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127556 389 Holder of Australian Financial Services Licence No. 247140 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

www.grantthornton.com.au

4 General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the Report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report, Grant Thornton Corporate Finance will receive from the Company a fee of \$165,000 (excluding GST), which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd.

None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the Report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of Nightingale in order to provide this Report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

“Grant Thornton Corporate Finance and its related entities do not have at the date of this Report, and have not had within the previous two years, any shareholding in or other relationship with Nightingale Intelligent Systems Inc that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Offer, other than the preparation of this Report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this Report. This fee is not contingent on the outcome of the Offer. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the Report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this Report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678 (free call)

Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the Report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000

[APPLICATION FORM]



BROKER FIRM OFFER APPLICATION FORM

Broker Code

Adviser Code

Applicants who received this Offer from their broker must return their Application Form and Application Monies back to their broker

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay. You should read the Nightingale Intelligent Systems, Inc (ARBN 659 369 221) Prospectus dated 19 August 2022 and the Supplementary Prospectus dated 26 September 2022, carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary or replacement Prospectus (whether in paper or electronic form). **This Application Form and your payment must be received by 5.00pm (AEST) on 11 October 2022.**

Standard Application and Pay by Cheque / Apply Existing Application Monies

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on page 2 of the

1. Number of CDIs applied for

Application payment (multiply box 1 by \$0.22 per CDI)

| | | | | | | | | | | | | | | | | | |
|--------------|--|--|-------------|--|--|-------------------|--|--|----------------------|--|--|------------|--|--|-----------|--|--|
| Number: 0000 | | | Offered To: | | | Application: 0000 | | | Payment Method: 0000 | | | Date: 0000 | | | Per: 0000 | | |
| | | | | | | | | | | | | | | | | | |

Applications must be for a minimum of 10,000 CDIs and in multiples of 1,000 CDIs thereafter.

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

[illegible]

3. Contact details

Telephone Number

Contact Name (PLEASE PRINT)

()

Email Address

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)

[illegible]

Note: if the HIN is incorrect or the name and address details in section 2 does not match exactly with your registration details held at CHES, any CDIs issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant #1

Applicant #2

Applicant #3

[illegible]

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

6. Payment – Please complete (a), (b) or (c) below

(a) Applicant directs that all of the application monies previously paid to Nightingale Intelligent Systems, Inc be applied to pay the revised offer price under the Supplementary Prospectus for the securities set out above.

☐ Yes

(b) Applicant directs that part of the application monies previously paid to Nightingale Intelligent Systems, Inc be applied to pay the revised offer price under the Supplementary Prospectus for the Securities set out above and that a refund of the balance be made to the Applicant.

Amount Reapplied to Revised Offer:

Amount to be Refunded:

A\$, , .

A\$, , .

(c) New Payment

Cheque or Bank Draft Number

BSB

Account Number

[illegible]

| | | | |
|--|---|--|--|
| | - | | |
|--|---|--|--|

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

Total Amount A\$, , .

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the Securities you hold) to be included in the public register of the entity in which you hold Securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|-----------------------------|---|---------------------------------|
| Individual | Mr John Richard Sample | J R Sample |
| Joint Holdings | Mr John Richard Sample & Mrs Anne Sample | John Richard & Anne Sample |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Trusts | Mr John Richard Sample <Sample Family A/C> | John Sample Family Company |
| Superannuation Funds | Mr John Sample & Mrs Anne Sample <Sample Family Super A/C> | John & Anne Superannuation Fund |
| Partnerships | Mr John Sample & Mr Richard Sample <Sample & Son A/C> | John Sample & Son |
| Clubs/Unincorporated Bodies | Mr John Sample <Health Club A/C> | Health Club |
| Deceased Estates | Mr John Sample <Estate Late Anne Sample A/C> | Anne Sample (Deceased) |

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS BROKER FIRM OFFER APPLICATION FORM.

This is an Application Form for CDIs and free attaching options in Nightingale Intelligent Systems, Inc (ARBN 659 369 221) (**Company**) made under the terms of the Broker Firm Offer set out in the Prospectus dated 19 August 2022 and amended by the Supplementary Prospectus dated 26 September 2022.

The Broker Firm Offer is open to Australian resident retail clients of Brokers who have received a firm allocation to apply for CDIs under the Broker Firm Offer. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate CDIs to you under the Broker Firm Offer.

Capitalised terms not otherwise defined in this document have the meaning given to them in the Prospectus. The Prospectus and Supplementary Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus and Supplementary Prospectus before applying for CDIs. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and the Supplementary Prospectus. While the Prospectus and Supplementary Prospectus is current, the Company will send paper copies of the Prospectus, and any Supplementary Prospectus and an Application Form, on request and without charge.

- CDIs Applied For & Payment Amount** - Enter the number of CDIs you wish to apply for and the applicable application monies payable. Applications must be for a minimum of 10,000 CDIs at \$0.22 per CDI (for a minimum subscription amount of \$2,200). A larger number of CDIs may be applied for in multiples of 1,000 CDIs.
- Applicant Name(s) and Postal Address** - ONLY legal entities can hold CDIs. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (AEST) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal at <https://investor.automic.com.au/#/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold CDIs allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on

allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.

- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - If you previously submitted an application under the Prospectus, you may elect to:
(a) apply all of the application monies previously paid to Nightingale Intelligent Systems, Inc to be re-applied to pay the revised offer price under the Supplementary Prospectus; or
(b) apply part of the application monies previously paid to Nightingale Intelligent Systems, Inc to be re-applied to pay the revised offer price under the Supplementary Prospectus and the remainder to be refunded to you.

Otherwise, please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section 1.

If you receive a firm allocation of CDIs from your Broker, make your cheque payable to your Broker in accordance with your instructions.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus and Supplementary Prospectus, either in printed or electronic form and have read the Prospectus in full;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of CDIs that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus and Supplementary Prospectus);
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the CDIs to be allocated;
- Am/are over 18 years of age;
- Agree to be bound by the Bylaws and Certificate of Incorporation of the Company;
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the CDIs, nor do they guarantee the repayment of capital; and
- acknowledge and agree that certain representations and warranties are required to be given in connection with our application (being those set out in Section 10.13 of the Prospectus) and understand that by completing the Application Form I/We will be deemed to have made those representations and warranties.

LODGEMENT INSTRUCTIONS

The Broker Offer opened on 22 August 2022 and is expected to close at 5:00pm (AEST) on 11 October 2022. The Directors reserve the right to withdraw the Offer, close the Offer early or extend the Offer period.

If you have been contacted by your Broker regarding the Broker Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application form with the Share Registry.

Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant Closing Date for the Broker Offer.

ASSISTANCE

Need help with your application, no problem. Please contact Automic on:



PHONE:
1300 288 664 within Australia
+61 (2) 9698 5414 from outside Australia



LIVE WECHAT:
Go to www.automicgroup.com.au



EMAIL:
corporate.actions@automicgroup.com.au