
Pre-Quotation Disclosure

The following information is required to be provided to ASX Limited (**ASX**) for release to the market in connection with the official quotation of the fully paid CHESS Depositary Interests (**CDIs**) over shares of common stock (**Share**) in Nightingale Intelligent Systems, Inc, a Delaware company (ARBN 659 369 221) (**Company**) and free attaching options (**New Options**) which will also be represented by CDIs. One Share is equivalent to one CDI.

Capitalised terms which have not otherwise been defined in this document have the meaning given to them in the replacement prospectus lodged by the Company with the Australian Securities and Investments Commission (**ASIC**) on 19 August 2022, the supplementary prospectus lodged with ASIC on 26 September 2022 and the second supplementary prospectus lodged with ASIC on 26 October 2022 (together, **Prospectus**).

1. Basis of allocation and procedures for determining allocation

The initial public offering of up to 27,272,727 new CDIs and 13,636,364 New Options (which will also trade on the ASX as CDIs) at an issue price of A\$0.22 per CDI to raise up to A\$6 million (**Offer or IPO**) closed on Monday, 31 October 2022. The Offer raised the minimum subscription of 22,727,273 CDIs and 11,363,610 New Option to raise A\$5 million.

The basis of allocation for each component of the Offer was determined as follows:

- The allocation of CDIs and New Options between the Institutional Offer, Broker Firm Offer and Chairman's List Offer was determined by agreement between the Company and Novus Capital (the **Lead Manager**).
- Institutional Offer – the allocation of CDIs and New Options under the Institutional Offer was determined by the Lead Manager and the Company.
- Broker Firm Offer – for participants in the Broker Firm Offer, the brokers decided as to how the CDIs and New Options were allocated amongst their eligible retail clients.
- Chairman's List Offer – the allocation of CDIs and New Options under the Chairman's List Offer was determined by the Company.

2. The number of securities issued under the Offer

The following securities were issued under the Offer on 11 November 2022:

- 22,727,273 new CDIs representing Shares at an issue price of A\$0.22 per CDI, which will trade on the ASX under the ASX code NGL; and
- 11,363,610 CDIs representing New Options with an exercise price of A\$0.35 and an expiry date of 16 September 2025, which will trade on the ASX under ASX code NGLO,

to raise A\$5 million.

3. Despatch date

The Company's share registry despatched CHESS allotment notices and issuer sponsored holding statements on 11 November 2022.

No monies were required to be refunded.

4. Distribution Schedule

The distribution schedule of holders of CDIs that represent underlying Shares has been released on the ASX announcement platform on the same date as this document.

5. Statement of 20 largest CDI Holders

The statement setting out the names of the 20 largest holders of CDIs representing underlying Shares, including the number and percentage of CDIs representing Shares held by those holders, has been released on the ASX announcement platform on the date same date as this document.

6. Issue of securities

The Company confirms that on 11 November 2022, the following changes were made to the capital structure of the Company in accordance with the terms of issue of the relevant securities or otherwise approved by Board resolution:

- the issue of 27,039,068 Shares on conversion of the existing Series Seed Preferred Stock, Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, and Series C Preferred Stock;
- the issue of 41,760,457 Shares on conversion of existing convertible notes;
- the issue of 400,000 CDIs representing Shares to advisers and consultants of the Company for services performed with respect to the pre-IPO fundraising and IPO as follows:
 - 200,000 CDIs to the Lead Manager; and
 - 200,000 CDIs to Saxby Capital Limited; and
- the issue of 7,000,000 Restricted Stock Units (**RSUs**) to the founders of the Company.

7. Escrow

The below securities are restricted securities subject to ASX mandatory restrictions for a period of 24 months from the date of official quotation of the Company's securities on the ASX.

Type of security	Number of securities
Shares / CDIs	25,789,028
Employee Options	4,655,927
RSUs	7,000,000

The below securities are restricted securities subject to ASX mandatory restrictions for a period of 12 months from the date of issue of the securities.

Type of security	Number of securities
Shares / CDIs	5,304,808 escrowed until 14 November 2023
Shares / CDIs	1,158,089 escrowed until 27 June 2023
Total	6,462,897

8. Capital structure

As at today's date following the issue of new CDIs representing underlying Shares and New Options under the Offer, the issued share capital of the Company comprises the following:

Class of security	Number of securities
Shares (represented by CDIs)	129,000,635
RSUs	7,000,000
Employee Options	6,012,927
New Options (represented as CDIs)	11,363,610
Silicon Valley Bank Warrants	20,464

9. Use of funds

As the Company raised A\$5 million under the Offer, it confirms that the use of funds will be as set out in the table in section 2.5 of the Second Supplementary Prospectus dated 26 October 2022 for the minimum subscription amount, which is set out below.

Use of funds	A\$(000)	US\$(000)	% funds
Sales and marketing	703	443	14%
Research and development	633	398	13%
Repayment of bridging loan	596	376	12%
Cost of the offer	1,380	869	28%
Working capital	1,688	1,064	34%

Total Uses	5,000	3,150	100%
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10. Waiver of ASX Listing Rule 1.1 Condition 12

ASX has granted the Company a waiver from Listing Rule 1.1 Condition 12 to the extent necessary to permit the Company to have on issue up to 5,490,927 Employee Options and 7,000,000 RSUs with an exercise price of less than \$0.20 on the condition that the material terms and conditions of the Employee Options and RSUs are clearly disclosed in the Company's Prospectus. Please refer to section 10 of the Company's original prospectus dated 19 August 2022 for details of the Employee Options and RSUs.

11. Confirmation Decision of ASX Listing Rule 6.1

ASX has confirmed to the Company that the terms of 7,000,000 RSUs proposed to be issued by the Company to Jack Wu (CEO and founder of the Company) and John Hsu (founder of the Company) are appropriate and equitable for the purposes of Listing Rule 6.1 and Guidance Note 19, subject to certain conditions including that the prospectus must include certain specific disclosures in relation to these RSUs. Please refer to section 10.8 of the original prospectus lodged with ASIC on 19 August 2022 for these details.

The conditions to the waiver are noted below:

- the Prospectus issued in connection with the Company's IPO containing the following details in respect of the RSUs:
 - the party or parties to whom the RSUs are to be issued and the number of RSUs to be issued to them or each of them;
 - any relationship with the recipient of the RSUs or an associate of the recipient has with the entity;
 - in respect of those RSUs proposed to be issued to the Company's director and employee:
 - details of the role (if any) the director or employee will play in meeting the respective performance milestones;
 - details of the existing total remuneration package of the director or employee;
 - if the director, employee or any of their associates hold securities in the entity, details of those securities and the consideration they paid or provided for those securities;
 - an explanation why it is considered necessary or appropriate to further remunerate or incentivise the director or employee to achieve the applicable performance milestone;
 - details of how the Company determined the number of RSUs to be issued to the director or employee and why it considers that number to be appropriate and equitable;

- the number of ordinary shares that the RSUs will convert into if the applicable performance milestone is met and the impact that will have on the entity's capital structure;
- the full terms of the RSUs, including:
 - the RSUs are not quoted;
 - the RSUs are not transferrable;
 - the RSUs do not confer any right to vote, except as otherwise required by law;
 - the RSUs do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;
 - the RSUs do not carry an entitlement to a dividend;
 - the RSUs do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
 - the RSUs do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company;
 - each RSU is converted into one fully paid ordinary share on achievement of the relevant milestone; and
 - if the relevant class of RSU is not converted into a share by the relevant expiry date, then all the RSUs of that class lapse;
- the Company makes an announcement immediately upon the satisfaction of any milestones, upon the conversion of any of the RSUs and the expiry of any of the RSUs;
- the terms and conditions of the RSUs, including without limitation the relevant milestones that have to be satisfied before each RSU converted into an ordinary share, are not to be changed without the prior approval of ASX and NGL's shareholders;
- upon conversion of the RSUs into ordinary shares, the Company will apply to the ASX for quotation of the shares within the requisite time period;
- the Company discloses the following in each annual report, annual audited financial accounts, half-yearly report issued by the Company in respect of any period during which any of the RSUs remain on issue or were converted or cancelled:
 - the number of RSUs on issue during the relevant period;
 - a summary of the terms and conditions of the RSUs, including without limitation the number of ordinary shares into which they are convertible and the relevant milestones;
 - whether any of the RSUs were converted or cancelled during that period; and
 - whether any milestones were met during that period.

12. Waiver of ASX Listing Rule 6.16, 6.19, 6.21 and 6.22

ASX has granted the Company a waiver from Listing Rule 6.16, 6.19, 6.21 and 6.22 to the extent necessary to permit the Company to:

- have on issue existing Employee Options under the Company's incentive plan (prior to it being amended) that do not comply with Listing Rule 6.16, 6.19, 6.21 and 6.22; and
- have on issue existing warrants that do not specifically comply with Listing Rule 6.16, 6.19, 6.21 and 6.22, on the following conditions:
 - that the full terms of the incentive plan are released to the market as pre-quotation disclosure;
 - that the Company undertakes to obtain ASX approval for the implementation of any future employee or director option plan; and
 - the Company undertakes not to issue any further options and warrants which do not comply with Listing Rule 6.16, 6.19, 6.21 and 6.22.

13. Waiver of ASX Listing Rule 14.2.1

ASX has granted the Company a waiver from Listing Rule 14.2.1 to the extent necessary to permit the Company to not provide in its proxy form for CDI holder meetings an option for CDI holders to vote against a resolution to elect a director or to ratify the appointment of an auditor, on the following conditions:

- the Company releases details of the waiver as part of its pre-quotation disclosure and the terms of the waiver are set out in the meeting documents provided to all holders of CDIs;
- the Company complies with the relevant US laws, its Bylaws and any applicable Securities Exchange Commission rules as to the content of proxy forms applicable to the resolutions for the election of directors;
- the Company provides disclosures acceptable to ASX in the CDI Voting Instruction Form provided to the Company's CDI holders as required by ASX Settlement Operating Rule 13.8.9, to make it clear that CDI holders are only able to vote for the resolution or abstain from voting to re-elect the directors or ratify the appointment of an auditor and provides disclosures of the reasons why this is the case in the notice of meeting for the relevant stockholder meeting; and
- without limiting the ASX's right to vary or revoke its decision under Listing Rule 18.3, the waiver from Listing Rule 14.2.1 only applies for so long as the relevant US laws prevent the Company from allowing stockholders to vote against a resolution to elect a director where plurality voting is implemented or ratify the appointment of an auditor.



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

- ENDS -

For further information:

CEO

Jack Wu
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Non-Executive Director

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Forward looking statements

This release may contain forward-looking statements, which address a variety of subjects including, for example, our statements regarding the anticipated use of funds from the Offer. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

About Nightingale Intelligent Systems, Inc (ASX: NGL)

Nightingale Intelligent Systems, Inc (ARBN 659 369 221) (**Nightingale**), is a company incorporated in Delaware, USA, whose stockholders have limited liability. Nightingale provides autonomous aerial security robotics systems with a focus on business verticals of enterprise, defence and emergency response linked to critical infrastructure. For more information on the Company, please visit <https://www.nightingalesecurity.com/>.

Notice to U.S. persons: restriction on purchasing CDIs

Nightingale is incorporated in the State of Delaware and its securities have not been registered under the U.S. Securities Act of 1933 or the laws of any state or other jurisdiction in the United States. Trading of Nightingale's CHES Depositary Interests ("CDIs") on the Australian Securities Exchange are not subject to the registration requirements of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act and a related 'no action' letter issued by the U.S. Securities and Exchange Commission to the ASX in 2000. As a result, the CDIs are "restricted securities" (as defined in Rule 144 under the U.S. Securities Act) and may not be sold or otherwise transferred except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. For instance, U.S. persons who are qualified institutional buyers ("QIBs", as defined in Rule 144A under the U.S. Securities Act) may purchase CDIs in reliance on the exemption from registration provided by Rule 144A. To enforce the transfer restrictions, the CDIs bear a FOR Financial Product designation on the ASX. This designation restricts CDIs from being purchased by U.S. persons except those who are QIBs. In addition, hedging transactions with regard to the CDIs may only be conducted in compliance with the U.S. Securities Act.