

ASX Announcement

30 January 2023

Redemption and conversion of bridge loan funding

Autonomous drone security company Nightingale Intelligent Systems, Inc. (**ASX: NGL**) (“**Nightingale**” or the “**Company**”) announces that the Company’s existing bridge loan funding in the form of redeemable convertible notes (**Bridge Loan Notes**) has now been fully redeemed or converted in accordance with its terms.

Certain investors elected to convert their Bridge Loan Notes to CHESSE Depositary Interests (**CDIs**) over common stock in the Company (**Shares**) with the balance of the Bridge Loan Notes being redeemed. Further details of the terms of the Bridge Loan Notes are set out in section 9.6 of the Company’s Replacement Prospectus dated 19 August 2022 (as amended by subsequent supplementary prospectuses) which can be found on the Company’s ASX announcement platform.

A total of \$510,000 worth of Bridge Loan Notes were redeemed together with 10% interest resulting in the Company repaying an aggregate amount of \$561,000 to investors on redemption of the Bridge Loan Notes.

In relation to the Bridge Loan Notes that investors elected to convert to CDIs, the conversion price was a 10% discount to the lower of the IPO price under the Company’s recent IPO (ie. \$0.22) and the 15 day volume weighted average price of the Company’s CDIs prior to conversion. Based on this formula, the conversion price was \$0.126. The following table sets out the impact of the conversion of the Bridge Loan Notes on the Company total issued CDIs/Shares.

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Type of security	Number of securities
Existing CDIs	129,000,635
CDIs issued on conversion of Bridge Loan Notes	4,222,219
Total CDIs	133,222,854

Note: the above table assume all Shares are held as CDIs.

As a result of the conversion price for the Bridge Loan Notes being less than 80% of the IPO issue price, the CDIs issued to investors who converted their Bridge Loan Notes are subject to ASX mandatory restrictions that apply for a period 12 months from the date of issue of the Bridge Loan Notes, subject to the cash formula. The table below sets out the number of CDIs issued on conversion of the Bridge Loan Notes that are subject to ASX mandatory restrictions that end on 5 July 2023 and the number of CDIs issued on conversion of the Bridge Loan Notes that are not subject to ASX mandatory restrictions.

Conversion CDIs	Number of CDIs
Conversion CDIs subject to ASX mandatory restrictions until 5 July 2023	1,804,036
Unrestricted conversion CDIs	2,418,183
Total conversion CDIs	4,222,219

In accordance with the Company's constitution, the Company has issued ASX Restriction Notices to, or entered into Restriction Deeds with, each of the Bridge Loan Note investors that converted their Bridge Loan Notes and has instructed the Company's Share Registry to impose holding locks on the restricted conversion CDIs.

The Company will be filing the applicable Appendix 2A and Appendix 3G in relation to the conversion CDIs on the Company's ASX announcement platform on or around the same date as this announcement.



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About Nightingale

Nightingale designs, develops, builds, deploys, and supports autonomous robotic aerial security technologies that protect critical infrastructure for Fortune 500 companies. The autonomous perimeter security system features networked base stations and mission-ready drones which can be rapidly airborne to meet the threat. The system is driven by Nightingale's command and control software, which equips security teams with a real-time decision support system to help keep their facilities safe while reducing labor costs.

Forward looking statements

This announcement contains forward-looking statements, which address a variety of subjects including, for example product development, marketing position and technical advances. 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.