

18 June 2024

ASX Limited
Listings Compliance, Sydney
20 Bridge Street
Sydney NSW 2000

Change of Director's Interest Notice Query

We refer to your letter dated 13 June 2024. Nightingale Intelligent Systems, Inc. (the **Company**) responds to the questions in that letter as follows:

1. Please indicate the date or dates that the Options became a relevant interest of Mr. Wu

The Options were part of a cost reduction plan instituted by the Company from March to August 2023. Under the cost reduction plan, the Company's CEO, Jack Wu, its CTO and CFO and all other employees agreed to accept the issue of unlisted options over US shares of common stock in lieu of a portion of their cash salaries each month. The Options were issued to Mr. Wu following shareholder approval for his participation in the plan at the Company's 2023 AGM. Mr. Wu's relevant interest in the Options arose on the following dates:

ASX: NGLAM, ASX: NGLAN and ASX: NGLAO – 15 June 2023
ASX: NGLAP – 26 June 2023
ASX: NGLAQ – 28 July 2023
ASX: NGLAR – 28 August 2023

2. Please indicate if and, if so, when an Appendix 3Y was (or Appendices 3Y were) lodged for the Options

Appendices 3Y were not lodged for the Options in the requisite time.

3(a). Please explain why an Appendix 3Y or Appendices 3Y were not lodged.

Appendices 3Y for Mr. Wu covering the unlisted Options were not lodged due to an administrative oversight between Nightingale's USA management team and Australian advisers.

3(b). What arrangements does NGL have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?

The Company and its Directors are aware of their obligations under the ASX Listing Rules including Listing Rules 3.19A and 3.19B. The Company has disclosure agreements with each of its Directors to ensure compliance with their security interest notification obligations.

3(c). If the current arrangements are inadequate or not being enforced, what additional steps does NGL intend to take to ensure compliance with Listing Rule 3.19B?

The Company has reviewed its processes and believes that its current arrangements are adequate to ensure compliance with Listing Rule 3.19B.

The Company considers the oversight to lodge the Appendices 3Ys in respect of the unlisted Options was a one-off oversight that will not be repeated and that the breach was minor in nature and not caused by any systemic deficiencies in the Company's corporate governance arrangements. Notwithstanding this, improved notifications systems have been implemented to ensure future compliance is maintained.

3(d). Please give to ASX an Appendix 3Y or Appendices 3Y in respect of the Options

Attached to this letter is an Appendix 3Y in respect of the Options for Mr. Wu as requested.

Yours faithfully,
On behalf of Nightingale Intelligent Systems, Inc.

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

John Merity
ASX Liaison Officer

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity	Nightingale Intelligent Systems, Inc. (ASX: NGL)
ARBN	659 369 221

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Jack Wu
Date of last notice	20 March 2024

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	N/A
Date of change	15 June 2023 – 28 August 2023
No. of securities held prior to change	4,250,000 fully paid US shares of common stock 2,200,000 unquoted options over US shares of common stock exercisable at A\$0.04 and expiring 3 October 2031 (ASX: NGLAE) 3,500,000 unquoted restricted stock units (RSUs), comprised of 1,750,000 Class A RSUs and 1,750,000 Class B RSUs (ASX: NGLAF)

Appendix 3Y
Change of Director's Interest Notice

Class	<p>Unquoted options over shares of common stock exercisable at USD\$0.057 and expiring 27 March 2033 (ASX: NGLAM)</p> <p>Unquoted options over shares of common stock exercisable at USD\$0.057 and expiring 26 April 2033 (ASX: NGLAN)</p> <p>Unquoted options over shares of common stock exercisable at USD\$0.047 and expiring 26 May 2033 (ASX: NGLAO)</p> <p>Unquoted options over shares of common stock exercisable at USD\$0.040 and expiring 26 June 2033 (ASX: NGLAP)</p> <p>Unquoted options over shares of common stock exercisable at USD\$0.034 and expiring 28 July 2033 (ASX: NGLAQ)</p> <p>Unquoted options over shares of common stock exercisable at USD\$0.029 and expiring 29 August 2033 (ASX: NGLAR)</p>
Number acquired	<p>ASX: NGLAM – 27,500 – 15 June 2023</p> <p>ASX: NGLAN – 27,500 – 15 June 2023</p> <p>ASX: NGLAO – 27,500 – 15 June 2023</p> <p>ASX: NGLAP – 27,500 – 26 June 2023</p> <p>ASX: NGLAQ – 27,500 – 28 July 2023</p> <p>ASX: NGLAR – 27,500 – 28 August 2023</p>
Number disposed	N/A
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	USD\$5,267

+ See chapter 19 for defined terms.

Appendix 3Y

Change of Director's Interest Notice

No. of securities held after change	<p>5,650,000 fully paid US shares of common stock</p> <p>2,200,000 unquoted options over US shares of common stock exercisable at A\$0.04 and expiring 3 October 2031 (ASX: NGLAE)</p> <p>27,500 unquoted options over shares of US common stock exercisable at USD\$0.057 and expiring 27 March 2033 (ASX: NGLAM)</p> <p>27,500 unquoted options over shares of US common stock exercisable at USD\$0.057 and expiring 26 April 2033 (ASX: NGLAN)</p> <p>27,500 unquoted options over shares of US common stock exercisable at USD\$0.047 and expiring 26 May 2033 (ASX: NGLAO)</p> <p>27,500 unquoted options over shares of US common stock exercisable at USD\$0.040 and expiring 26 June 2033 (ASX: NGLAP)</p> <p>27,500 unquoted options over shares of US common stock exercisable at USD\$0.034 and expiring 28 July 2033 (ASX: NGLAQ)</p> <p>27,500 unquoted options over shares of US common stock exercisable at USD\$0.029 and expiring 29 August 2033 (ASX: NGLAR)</p> <p>3,500,000 unquoted restricted stock units (RSUs), comprised of 1,750,000 Class A RSUs and 1,750,000 Class B RSUs (ASX: NGLAF)</p>
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Issue of options under "options for salary" cost reduction plan

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	N/A
Nature of interest	N/A
Name of registered holder (if issued securities)	N/A
Date of change	N/A

+ See chapter 19 for defined terms.

Appendix 3Y

Change of Director's Interest Notice

No. and class of securities to which interest related prior to change <small>Note: Details are only required for a contract in relation to which the interest has changed</small>	N/A
Interest acquired	N/A
Interest disposed	N/A
Value/Consideration <small>Note: If consideration is non-cash, provide details and an estimated valuation</small>	N/A
Interest after change	N/A

Part 3 – ⁺Closed period

Were the interests in the securities or contracts detailed above traded during a ⁺closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	N/A
If prior written clearance was provided, on what date was this provided?	N/A

⁺ See chapter 19 for defined terms.



13 June 2024

Reference: 95654

Mr John Merity
Corporate Adviser
J.J. Merity & Co.
C/- Nightingale Intelligent Systems, Inc
8450 Central Ave, Newark, CA 94560, United States

Email: john@jjmerity.com.au

Dear Mr Merity

Nightingale Intelligent Systems Inc ('NGL'): Appendix 3Y – Change of Director's Interest Notice Query

ASX refers to the following:

1. NGL's Appendix 3Y lodged on the ASX Market Announcements Platform ('MAP') on 20 March 2024 for Mr Jack Wu (the '**Notice**'), which refers to the '*Date of last notice*' as 25 November 2022, and lists the following securities as being held prior to the change in Mr Wu's interest disclosed in the Notice:

27,500 unquoted options over shares of common stock exercisable at USD\$0.057 and expiring 27 March 2033 (ASX: NGLAM)

27,500 unquoted options over shares of common stock exercisable at USD\$0.057 and expiring 26 April 2033 (ASX: NGLAN)

27,500 unquoted options over shares of common stock exercisable at USD\$0.047 and expiring 26 May 2033 (ASX: NGLAO)

27,500 unquoted options over shares of common stock exercisable at USD\$0.040 and expiring 26 June 2033 (ASX: NGLAP)

27,500 unquoted options over shares of common stock exercisable at USD\$0.034 and expiring 28 July 2033 (ASX: NGLAQ)

27,500 unquoted options over shares of common stock exercisable at USD\$0.029 and expiring 29 August 2033 (ASX: NGLAR)

(The '**Options**');)

2. NGL's Appendix 3X lodged on the MAP on 25 November 2022 for Mr Jack Wu (the '**Last Notice**'), which does not disclose Mr Wu's interest in the Options in the section titled '*No. of securities held after change*';
3. Listing Rule 3.19A which requires an entity to tell ASX the following:

- 3.19A.1 *'The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
- *On the date that the entity is admitted to the official list.*
 - *On the date that a director is appointed.*
- The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*
- 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
- 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.'*

4. Listing rule 3.19B which states that:

'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'

The Notice indicates that a change in Mr Wu's notifiable interest in respect of the Options occurred between the date of the Last Notice (25 November 2022) and the date of the Notice (20 March 2024). It appears that an Appendix 3Y or Appendices 3Y should have been lodged with ASX no more than 5 business days after the changes occurred. Consequently, NGL may have breached Listing Rules 3.19A and/or 3.19B. Mr Wu may also have breached section 205G of the *Corporations Act 2001* (Cth).

Request for Information

Under Listing Rule 18.7, we ask that you answer each of the following questions having regard to Listing Rules 3.19A and 3.19B and *Guidance Note 22: Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*.

1. Please indicate the date or dates that the Options became a relevant interest of Mr Wu.
2. Please indicate if and, if so, when an Appendix 3Y was (or Appendices 3Y were) lodged for the Options.
3. If an Appendix 3Y or Appendices 3Y were not lodged for the Options:
 - a. Please explain why an Appendix 3Y or Appendices 3Y were not lodged.
 - b. What arrangements does NGL have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
 - c. If the current arrangements are inadequate or not being enforced, what additional steps does NGL intend to take to ensure compliance with Listing Rule 3.19B?
 - d. Please give to ASX an Appendix 3Y or Appendices 3Y in respect of the Options.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Tuesday, 18 June 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NGL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require NGL to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to NGL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that NGL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance