

4 September 2024

Dear CDI Holder

Delisting of Nightingale Intelligent Systems, Inc from ASX

As you may be aware, Nightingale Intelligent Systems Inc. (**Nightingale** or the **Company**) was removed from the Official List of the Australian Securities Exchange (**ASX**) (**Delisted**) on 29 August 2024 (**Delisting Date**) as a result of its inability to pay the ASX annual listing fee. This permanently ends the Company's listing on ASX and your ability to trade your CDIs on ASX. However, Nightingale is still in business and will continue to operate as a private, Delaware corporation and you will become a direct Shareholder in Nightingale.

This letter contains important information about your holding of Nightingale CDIs and the conversion of your CDIs into U.S. shares of common stock in the Company. You should read it carefully and seek professional advice if you have any queries. There is also a list of Frequently Asked Questions attached which is designed to assist you in understanding the impact of Delisting on your holding of CDIs.

The information in this letter does not take into account your individual investment objectives, financial situation and needs. The information in this letter is of a general nature and is not financial product advice and should not be relied upon as the sole basis for any investment decision. As a CDI Holder you should consult your financial, legal, tax or other professional adviser if you have any queries in relation to the information contained in this letter or how you should act with respect to your holding of CDIs.

1. Background

Nightingale completed its initial public offering and listed on ASX in November 2022. As a Delaware incorporated company, Nightingale offered IPO investors CHESSE Depositary Interests or CDIs, each of which represents one underlying U.S. share of common stock, together with one listed option for every two CDI's subscribed.

Unfortunately, despite some very positive contract wins to supply Nightingale's AI-powered Blackbird Security Drone systems, including to the largest police department in the United States and the United States Air Force, revenue activities have not generated sufficient cashflow to date to enable the Company to grow. Nightingale has survived through a series of cost reduction strategies that are not sustainable in the long run. Despite directors and executives providing loans to the Company, Nightingale's CDI's were suspended from trading on ASX in March 2024. Since that time, Nightingale has not been able to raise sufficient new funds to return to trading on ASX and now has reached the point where it could not pay the ASX annual list fee and has been Delisted.

2. What happens now

2.1 A private, Delaware corporation

The Company will continue to operate as a private, Delaware corporation, pursuing its goal to be a leading provider of autonomous security drone solutions. The board of directors of the Company (**Board**) will continue to explore all opportunities for funding of the business on an ongoing basis. The Company has no current plans to make any material changes to the composition of the Board or to the composition of its senior executive team.

2.2 Compulsory conversion of CDIs to U.S. shares of common stock

Each CDI you hold represents one underlying U.S. share of common stock (a **Share**) in Nightingale. The Shares underlying the CDIs are held on your behalf by CHESSE Depositary Nominees Pty Ltd (**CDN**), a subsidiary of ASX Limited, under a trust. CDN will now take steps to terminate the trust and transfer the legal title to the underlying Shares to CDI Holders so that CDI Holders will instead hold the full legal and beneficial title to one Share for every CDI held at the Delisting Date.

In accordance with the requirements of the ASX Settlement Operating Rules 13.5A.1 and 13.5A.2, you are notified that:

- approval of CDIs in respect of Shares will be revoked by ASX Settlement Pty Ltd; and
- CDN will, by resolution of its board of directors, revoke the trust under which it holds the underlying Shares.

Further information, including the effective date for the revocation of the trust, will be communicated to CDI Holders shortly.

2.3 Available options for CDI Holders

As at the date of this letter, CDI Holders have two options available to them in respect of their CDI holdings. These options are summarised below:

a) Do nothing and hold Shares in Nightingale

CDN will transfer the legal title to the underlying Shares to you so that you will instead hold the full legal and beneficial title to one Share for every CDI held at the Delisting Date.

You do not need to request or complete any form or take any other action for this to occur. Your Shares will be registered on Nightingale's U.S. register and you will be issued with a share certificate reflecting your holding of Shares unless and until such time as Nightingale amends its Bylaws to provide for Shares to be represented in book-entry form only.

b) Arrange for private off-market transactions with willing third parties

Nightingale is now a private, Delaware corporation. Nightingale will not be listed on any Australian, U.S. or foreign exchange. This means you will not be able to sell your Shares on a share market. If you wish to sell your Shares, you will need to arrange a private off-market transaction with a willing third party purchaser in accordance with Nightingale's Bylaws, Certificate of Incorporation and applicable U.S. and Australian securities laws. You will be personally responsible for sourcing a potential purchaser of your Shares. Selling your Shares may have tax implications for you and you should consult your own financial or tax adviser.

2.4 Listed Options

Many CDI Holders will also hold options in Nightingale which are exercisable at A\$0.35 and expire on 16 September 2025. Nightingale's Delisting also means that the Company's formerly listed options are no longer tradeable on ASX. The Delisting will not have any impact on the options on issue in the Company other than, if exercised, the holders will receive Shares in a private, Delaware corporation rather than securities traded on ASX.

Further information and future Shareholder communications

If you have any questions, please contact Michael Tschiderer, Nightingale's Chief Financial Officer at mike@nightingalesecurity.com or investors@nightingalesecurity.com.

Shareholders who continue holding Shares in the Company after the Delisting Date may view communications via the Nightingale website found at www.nglinvestors.com or email the Company at investors@nightingalesecurity.com.

Thank you for your continued support.

A handwritten signature in black ink, appearing to be 'Jack Wu', written in a cursive style.

Jack Wu
CEO
Nightingale Intelligent Systems, Inc.

DELISTING – FREQUENTLY ASKED QUESTIONS

a) What is the impact of the Delisting on:

- **Share numbers and share capital** – the Company has approximately 140 million Shares on issue as at the date of this letter (including CDIs representing Shares). The Delisting will have no impact on the number of Shares but Delisting will result in all CDIs being converted into Shares following the termination of the trust by CDN. Nightingale's Shares will continue to exist in their current form;
- **Assets and liabilities** – the Delisting will, of itself, have no impact on the assets and liabilities of the Company. The Board believes that the Delisting will result in certain cost savings for the Company;
- **Control of the Company** – as the Delisting does not result in the cancellation or transfer of any CDIs, it will (all other matters being equal) not have an impact on the control of the Company;
- **Impact on creditors** – the Board believes that the Delisting will not have an adverse impact the rights of the Company's creditors;
- **Options and warrants** – the Delisting will not have any impact on the options or warrants currently on issue in the Company other than, if exercised, the holders will receive Shares in a private, Delaware corporation rather than securities traded on ASX; and
- **Convertible Notes** – the Delisting will not have any impact on the Convertible Notes on issue in the Company other than, if converted, the holders will receive Shares in an unlisted company registered in a private, Delaware corporation rather than securities traded on ASX.

b) Will the Company continue to hold annual Shareholder meetings?

After Delisting, the Company will hold annual Shareholder meetings as may be required under the Delaware General Corporation Law.

c) How will the Company be regulated after Delisting?

After Delisting, the Company will be a private, Delaware corporation which will be primarily governed by Delaware General Corporation Law.

As a Delaware corporation, as is the case at present, many of the provisions of the Australian Corporations Act will not apply to Nightingale. It will also no longer be a disclosing entity for the purposes of the Corporations Act so it will not be required to continuously disclose information, including financial information, to Shareholders following its Delisting.

The ASX Listing Rules will no longer apply to Nightingale. In particular, Shareholders will forego the protections inherent in the Listing Rules in respect of matters including:

- disclosures and restrictions on the issue of securities such as the inability to issue over 15% of the Company's capital in a 12-month period without security holder approval;
- making significant changes to the Company's activities;
- requirement to obtain security holder approval for certain transactions with related parties of the Company; and

- requirement to comply with the ASX Corporate Governance Principles and Recommendations.

However, the Company will continue to be bound by the requirements of Delaware General Corporation Law which may include, subject to the Company's Certificate of Incorporation and Bylaws, shareholder approval requirements for matters such as:

- certain amendments to the Company's Certificate of Incorporation;
- the election and removal of directors;
- entry into certain transactions with "interested stockholders" of the Company;
- entry into certain fundamental corporate transactions, including, with certain exceptions, a dissolution, merger, consolidation or sale of all or substantially all the assets of a corporation; a stockholder of a company participating in certain merger and consolidation transactions may, under certain circumstances, be entitled to appraisal rights, such as having a court to determine the fair value of the stock or requiring the company to pay such value in cash;
- adoption of certain anti-takeover measures; and
- establishing stock plans and making certain amendments to such plans.

Note that under Delaware law shareholders may act by written consent signed by shareholders having the minimum number of votes that would be necessary to take such actions at a meeting rather than holding formal shareholder meetings to approve such actions, including actions involving the annual election of directors.

d) What information will I receive from Nightingale after Delisting?

Nightingale intends to provide business updates to all Shareholders on a periodic basis.

e) Will there be any tax implications for me on conversion of my CDIs to Shares?

Nightingale strongly encourages you to obtain your own independent professional tax advice with respect to the conversion of your CDIs to Shares as described above.

This document does not purport to provide you with any tax advice.