ENAUTIC

Electric Hydrofoil Technology

Electro Nautic Pty Ltd
(Trading as ENAUTIC)

CROWD-SOURCED FUNDING OFFER DOCUMENT

Dated 18th September2024

Offer of fully-paid ordinary shares in Electro Nautic Pty Ltd at $0.19 per share to raise a maximum of $2,500,000.00

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Electro Nautic Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (Corporations Act).

Issuer: Electro Nautic Pty Ltd ACN 657 920 600

Intermediary: Birchal Financial Services Pty Ltd ACN 621 812 646 AFSL 502618

Always consider the general CSF risk warning and offer document before investing

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1 Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the Company is successful, the value of your investment and any return on the investment could be reduced if the Company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the Company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

2 Information About the Company

2.1 Letter from the CEO

It is my great pleasure to introduce ENAUTIC and invite you to join us on our journey to develop fun and exciting recreational watercraft that will fundamentally improve comfort, enjoyment and safety for users and passengers alike. At the same time, we will contribute to the decarbonization of marine passenger transport across a range of recreational and commercial sectors.

Our shared mission is to develop advanced electric hydrofoil watercraft and to support the best boat builders across the world to pivot rapidly, with reduced risk, towards the adoption of electric hydrofoil propulsion systems.

We are very fortunate to have a list of over 150 potential customers who have reached out and paid a small deposit as a reservation for our recreational craft once in production. Our reservation holders have provided invaluable feedback to us regarding features that are important to them, as well as price point preferences. This puts us in a fantastic position to progress with confidence in the completion of design for manufacturing and planning for production.

We are lucky to enjoy a first movers' advantage in the electric hydrofoil recreational craft space and we intend to maximise this advantage by releasing exciting and compelling fun craft based on consumer feedback and our team's innate creativity.

We believe that the technology behind the ENAUTIC product range is world leading. We have formally protected with technology. The W-Foil technology provides performance benefits that we intend to leverage in creating simply the most exciting and fun craft we can.

The electrification of marine vehicles is a nascent but rapidly growing market opportunity that we are well placed to play a leading role in. Boats are harder to electrify than cars because the weight of the batteries sinks the boat into the water, and this extra water must be pushed out of the way constantly to make progress forward. This makes boats with electric drivetrains either slow or have limited range. Fortunately, there is a solution for this.

By lifting the boat clear of the water on hydrofoils, between 75 and 90% of the resistance is removed. This has caused a global push to develop electric hydrofoil propulsion systems. The America's Cup sailing hydrofoils have also clearly demonstrated that a hydrofoil motorboat is required to keep up with the very fast sailing yachts in waves.

We have assembled a multi-disciplinary team of engineers, scientists and marine product commercialization specialists, to solve the difficult problems and make proven system technology available to this new and fast-growing industry. In this way, we can rapidly influence a global market, with a relatively light capital requirement.

Our core technology is the subject of a global family of patents that are pending assessment. We have built and demonstrated the excellent performance of the core technology at small recreational craft scale. This includes remotely controlled vehicles that are immediately suited to autonomous operation. Based on this proven technology, ENAUTIC faces a wide range of commercialisation opportunities. Right now, we are laser focused on the small recreational craft market with a view to leveraging our strong position within this segment, before expanding our offering to other markets.

In the future we will enter the much larger commercial vessel market with a focus on Fast Ferries and Crew Transfer Vessels. We are forming co-development agreements with leading commercial vessel designers and builders now, in preparation for moving into this market as soon as we have established the recreational craft.

The world is currently heavily impacted by high interest rates as central banks successfully seek to avoid a boom following the COVID 19 challenges. Recreational products of all kinds are suffering from reduced demand in the short term. This is likely to be followed by improved macro-economic conditions, along with continued interest in electric transportation solutions. We intend to be at the forefront of the roll-out of new products in this sector to meet growing demand.

With your funding support, we will expand our intellectual property portfolio to deepen our existing technical leadership, develop fun and exciting recreational craft for a broad segment of the consumer market, pursue military applications, and plan for a mid-term move into commercial fast ferry and crew transfer markets that are very significant in scale.

Thank you for your consideration of investing with us. We look forward to welcoming you onboard this exciting opportunity.

Yours sincerely,

Paul Steinmann

CEO & Executive Director

2.2 Company Details

This offer of shares is made by Electro Nautic Pty Ltd, ACN 657 920 600 (**ENAUTIC**).

Company name	**Electro Nautic Pty Ltd**
ACN	657 920 600
Date of incorporation	10th March 2022
Registered office	Unit 4, 502 Marmion Street, Booragoon, 6154, Western Australia
Principal place of business	Unit 4, 502 Marmion Street, Booragoon, 6154, Western Australia
Directors	Rebecca Katharine Cutter Joshua Nathaniel Portlock Paul Douglas Steinmann Xavier Phillip Orr
Company secretary	Yixiao (Catherine) Bian Joshua Nathaniel Portlock
Share registry	Cake www.cakeequity.com
Website	www.enautic.co

Table 1 – Company Details

2.3 Our Business

2.3.1 About ENAUTIC

ENAUTIC is a Perth, Western Australia based technology company focused on the development and commercialisation of electric hydrofoil boat technology. We are a multi-disciplinary team of highly skilled engineers with a common passion for developing industry leading technology that significantly improves both the comfort and safety of passengers and the global carbon footprint of marine passenger transport.

2.3.2 Our Products

ENAUTIC develops and builds a range of small recreational marine craft called the *WaveFlyer* range. This craft is battery powered 100% electric small craft with an excellent combination of range, speed and agility that delivers not only a reliable transport solution, but heaps of fun.

Our current focus is to go into production of the *WaveFlyer* range in sequence driven by demand. The technology within this range of craft is now well proven on our WaveFlyer VOLARÉ alpha and beta prototypes. All of the *WaveFlyer* range feature the use of a common *WAVEDRIVE* modular electric hydrofoil propulsion system.

Future opportunities for us represent significantly larger market opportunities, and we are excited to address these, once we have the *WaveFlyers* in production. Key growth opportunities identified are Fast Ferries, Crew Transfer Vessels (for offshore windfarms and the oil and gas industry), Fast Personnel Transport of military personnel, and water taxis.

There are a range of military applications for our electric hydrofoil technology, both as manned and unmanned vessels. We believe that we can deliver significant operational advantages in the military sphere, and we are committed to the development of world class technical systems to achieve this. In the current global political environment, this is particularly significant.

2.3.3 Our Technology

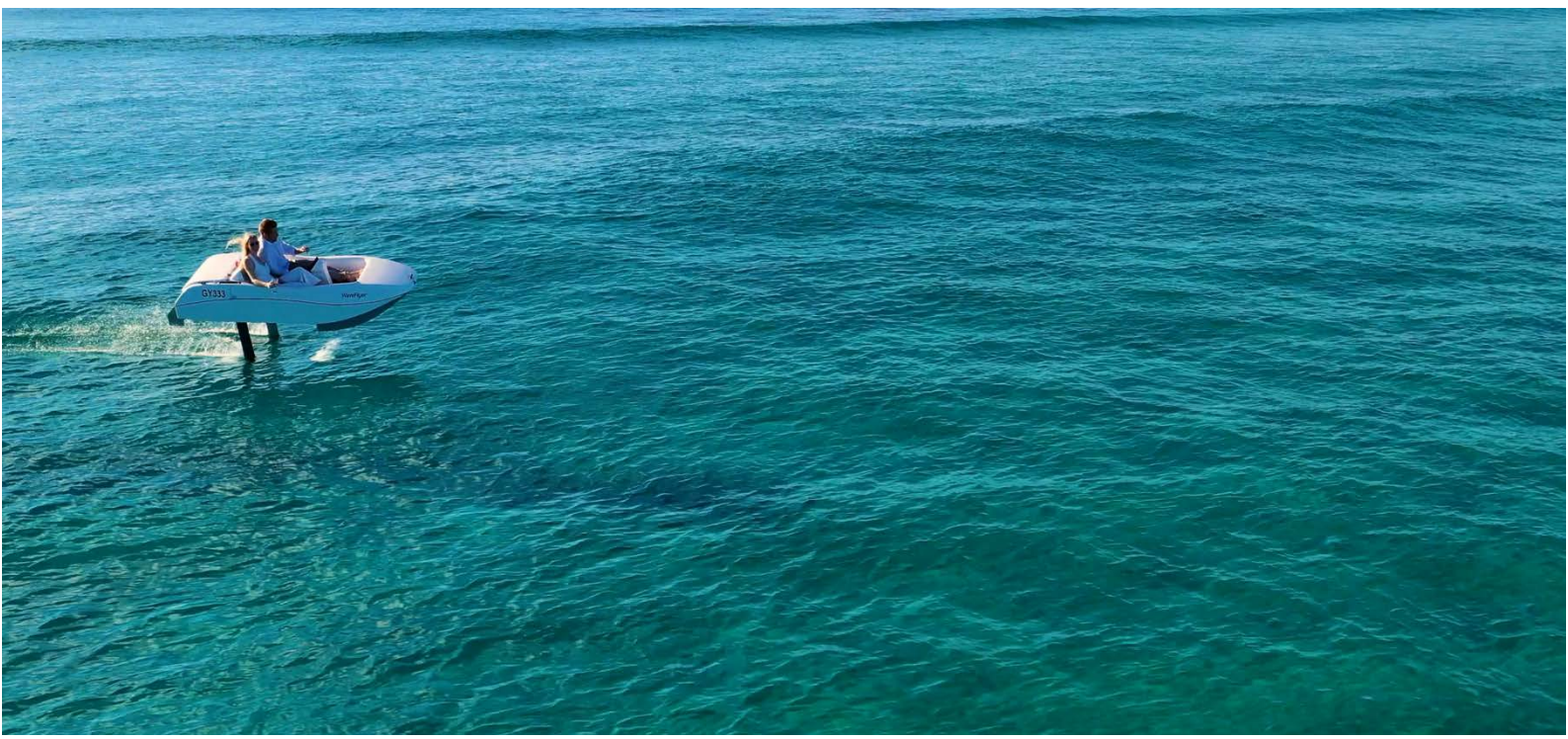
ENAUTIC develops complete electric hydrofoil propulsion systems, including advanced ***W-FOIL*** hydrofoils fitted with direct drive electric propulsion pods, combined with ENAUTIC's proprietary flight control system designed specifically for W-Foil control, sensor suite, a complete battery energy storage system (BESS) and helm station.

The key components of our technology include:

W-FOIL	ENAUTIC's unique and innovative hydrofoil arrangement that allows higher foiling height and steeper more dynamic turns, with patents pending globally
HYDRAFLIGHT	ENAUTIC's proprietary flight control system that maximises the benefits of the W-FOIL arrangement.
HYDRAPILOT	remotely operated and autonomous mission control system, delivered with strategic partners.
WAVEDRIVE	ENAUTIC's proprietary modular hydrofoil arrangement designed to be simple to integrate into a range of small recreational craft hulls to create a range of products from a common technical package. With patents pending.
WT-FOIL	A hydrofoil arrangement suiting small and medium sized vessels, featuring a W-FOIL aft and a T-Foil forward
WW-FOIL	A hydrofoil arrangement suiting larger vessel and catamaran hullforms, featuring a W-FOIL and a W-FOIL forward.

As a technology developer, we remain open to licensing our technology to incumbent marine craft manufacturers and boatbuilders globally. The intention is to de-risk the pivot towards electric hydrofoil technology for marine watercraft designers, builders and operators through licensing agreements with ENAUTIC. This will allow ENAUTIC to have the largest impact on the global adoption of electric hydrofoil craft. Licensing our technology will involve provision of technical support to licensees to assist them to adopt ENAUTIC technology with minimum risk and cost.

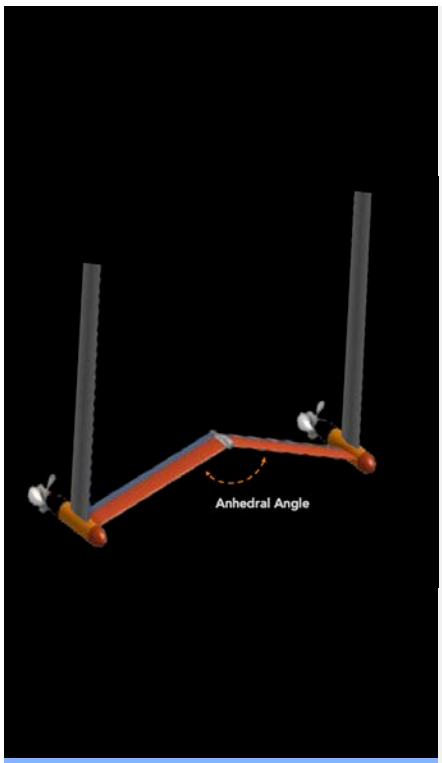
More information on ENAUTIC's key technologies can be found in section 2.4.



2.4 Key ENAUTIC Technologies

ENAUTIC was founded as a technology development company. ENAUTIC's products all benefit from the exceptional technology portfolio that the Company has developed.

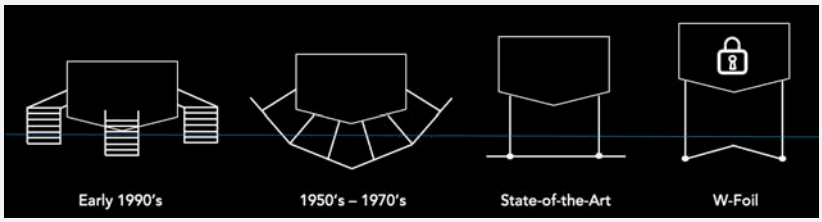
W-FOIL



The W-FOIL is significant step forward for hydrofoil technical development. From the mid-fifties to the 1980's billions of dollars was spent by commercial operators and the US Navy developing hydrofoil vessels and the underlying technology.

At the conclusion of this period of intense research and development by major corporations, the state-of-the-art had become fully submerged hydrofoils with nominally flat foil spans.

The ENAUTIC *W-FOIL* provides greater roll axis controil torque, and more agily manoeuvring, with substantial performance benefits that will be described. The *W-FOIL* features two vertical struts at each side of the hull supporting the fully submerged hydrofoil(s). The hydrofoil(s) (or wing) spanning between these struts is angled upwards towards the centre of the span (see notes below). Submerged electric direct drives propulsion motors are contained in pods at each tip of the hydrofoil. The rear hydrofoil drive pods have propulsors that may be open propellers or enclosed 'jets'. The hydrofoils each have trailing edge flaps, split in the centre of the foil, that allow the lifting force on each half of the hydrofoil to be continuously adjusted by the *HYDRAFLIGHT* flight control system.

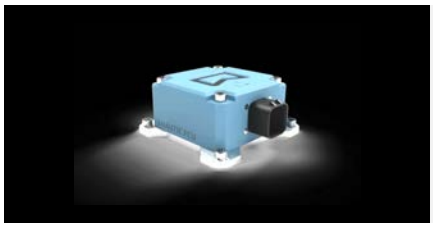


The *W-FOIL* development was inspired by fighter jet wing configurations. Commercial aircraft have wings that tend upwards at the tips. This is called a dihedral arrangement. This ensures that the aircraft naturally tends to fly level, and prevents a tendency to dive when being flown manually.

In order to create the most competitive dog-fighting aircraft possible, aeronautical engineers angle the tips of the wings downwards. This is called an anhedral arrangement. This makes the aircraft inherently unstable in flight, and impossible to fly manually. However, when coupled with a computer controlled flight control system, this maximises the agility of the aircraft.

The *W-FOIL* is also inspired by wing-tip fuel tanks or wing-tip missile location sometimes used on war planes. Locating a low drag cylindrical body at the wing tip tends to prevent high-pressure air from escaping the high pressure underside of the wing towards the low pressure upper wing surface. This maximises the lift produced, especially for limited span wings. On the *W-FOIL*, this has two advantages: maximises lift for a given hydrofoil area, and moves the centre of lift outwards towards the wing-tip, providing more roll control torque for a given amount of lift force

HYDRAFLIGHT



ENAUTIC's proprietary flight control system developed specifically to maximise the benefits of the *W-FOIL* arrangement. *HYDRFLIGHT* features 5 Flight Control Levels (FCL) settings that are user selectable. The FCL selected can transform the response of the system from safe, docile and reliable, in increasingly dynamic steps, right up to extremely dynamic and exhilarating, requiring practice and training to safely operate. In this way, a single craft can offer a operational experience tailored to a wide range of users.

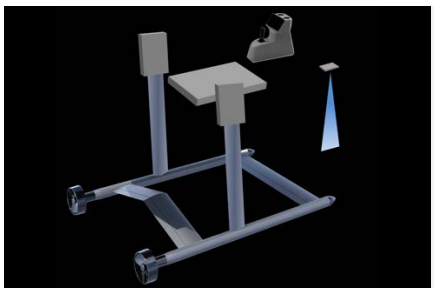
HYDRAPILOT

The ENAUTIC *HYDRAPILOT* mission control system is configured to allow autonomous operation of the craft. ENAUTIC's strategic partners can deliver this functionality at short notice, with simple integration to the *HYDRAFLIGHT* flight control system.

Autonomous navigation system applications include:

- Autonomous ferry operation
- Remote recall of a shared mobility craft via App
- Autonomous survey vessel routing
- Autonomous intelligence sensing routing
- Geofencing
- Autonomous navigation with collision avoidance

WAVEDRIVE

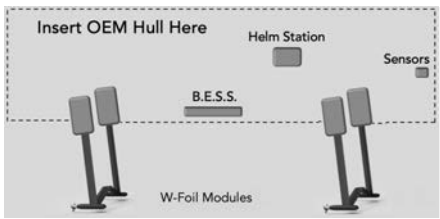


The *WAVEDRIVE* is a packaged modular electrical hydrofoil propulsion system based on the proprietary W-FOIL arrangement.

The *WAVEDRIVE* is common across all models of the WaveFlyer range of craft. This means that all engineering and development costs expended on the development of the WAVEDRIVE system are directly applicable to the whole WaveFlyer range of craft.

The *WAVEDRIVE* system is intended to be easily integrated into a range of OEM developed small craft under an IP license, to speed the adoption of this technology by a licensee.

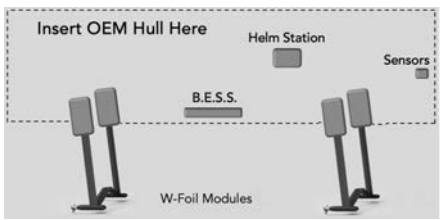
WT-FOIL Arrangement



For monohull vessels, the *WT-FOIL* hydrofoil arrangement features a W-Foil aft, and a T-Foil forward.

This provides additional flexibility for the vessel designers, where a modular chassis arrangement is not optimal.

WW-FOIL Arrangement



For catamaran vessels, the *WW-FOIL* hydrofoil arrangement features a W-Foil both forward and aft.

This arrangement is well suited to a multi-hulled vessel arrangement.

2.5 ENAUTIC Products

2.5.1 *WaveFlyer* Range

The *WaveFlyer* **VOLARE** demonstrator vessel has been operating reliably in the Swan River in Perth for 2024. It has thrilled a large number of guests with its smooth and silent operation, and agility settings from safe and stable, all the way up to aggressively dynamic.

The *WaveFlyer* range is defined by products using the common **WAVEDRIVE** modular electric hydrofoil propulsion system.

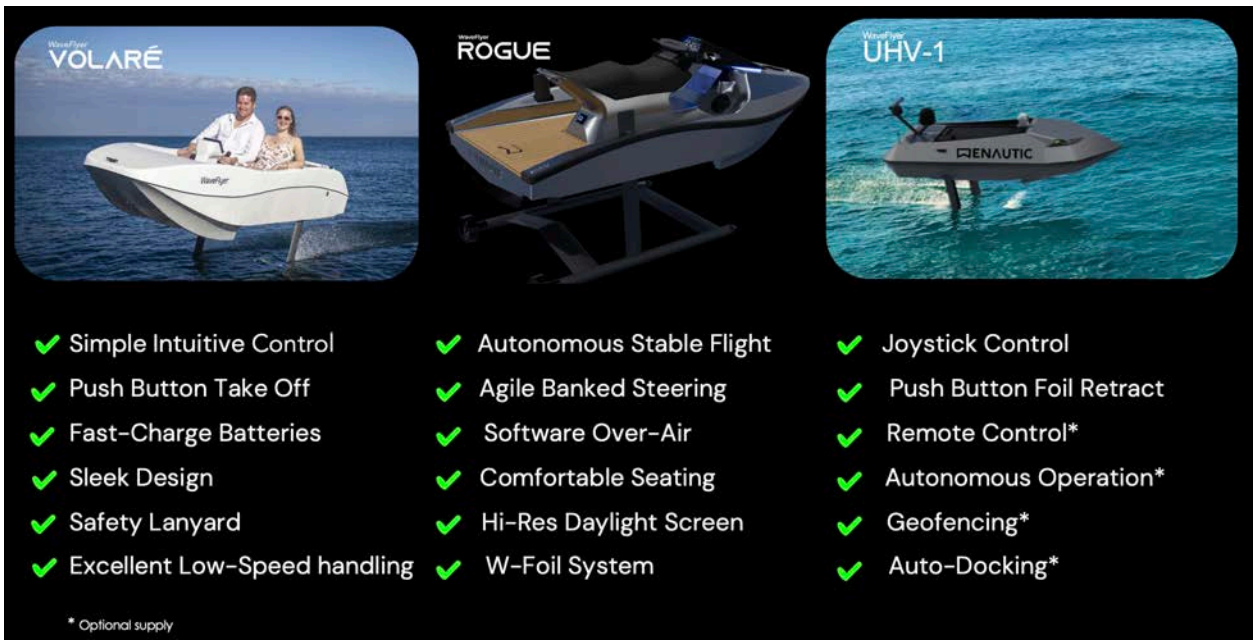
ENAUTIC plans to continue to issue *WaveFlyer* models based on market demand, once the **WAVEDRIVE** is in series production.

The current range of envisage *WaveFlyer* models include:

- *WaveFlyer* **VOLARE**
- *WaveFlyer* **ROGUE**
- *WaveFlyer* **UHV-1**

An exciting current development is the *WaveFlyer* **RIB350**. The *WaveFlyer* **RIB350** is a 3.5m long electric hydrofoiling rigid inflatable boat. This craft has a multitude of use cases, and will operate like a traditional RIB tender, but with the ability to fly above the waves like the **VOLARE** and **ROGUE**. Due to the dual propulsors at the max beam of the hull, the craft will also boast exceptional low speed manoeuvring.

Following the **RIB350** will be a larger RIB product. Strictly this next RIB *WaveFlyer* will not be a *WaveFlyer*, as it will use the **WT-FOIL** arrangement, rather than the **WAVEDRIVE** arrangement. The larger RIB *WaveFlyer* will be the first craft to benefit from the new patent currently in development at ENAUTIC!



WaveFlyer VOLARE

The *WaveFlyer* **VOLARE** is a 100% electric hydrofoil craft that seats one or two passengers. The craft glides to foiling height at the touch of a button, after which steering via joystick control is simple and intuitive. This ease of operation makes the craft suitable for novice private or rental fleet users.

The **VOLARE** also features four (4) easily selectable flight control levels (FCL). These FCL settings allow the **VOLARE** to be set to provide a safe, calm and serene experience, stepping all the way up to dynamic and tight super-fun turning circles that requires practice and skill to master. So, the **VOLARE** is also an exciting water toy for those who want to push it a little.

Flying above the waves, the **VOLARE** offers a dry, safe and comfortable ride unlike anything a conventional boat can provide. The sound of the stereo speakers is uninterrupted by engine noise, as the craft is virtually silent. Even the sound of water slapping at the side of a traditional boat is removed. The **VOLARE** creates virtually no wake, so operating this craft around other water users will not spread disruptive wash. Producing zero emissions, there are no petrol smells and no oily leaks into the marine environment.

Whether as a rental craft, waterfront living mobility, superyacht water toy, or family fun craft, the *WaveFlyer* **VOLARE** breaks out the normal and offers a unique experience.

It's more fun flying!

Figure 1 – WaveFlyer VOLARÉ in Action

WaveFlyer ROGUE

The *WaveFlyer* **ROGUE** is a 100% electric foiling personal watercraft (PWC) that offers all the fun, exhilaration and adventure of a PWC whilst flying above the water in virtual silence, creating no annoying wake and producing zero emissions! The **ROGUE** is a game changer for personal watercraft!

With only the clear sounds of the stereo speakers in your ears, this revolutionary craft redefines what is imaginable for waterborne fun. With four (4) easily selectable flight control levels (FCL), the **ROGUE** can be a safe, calm and easy to ride craft, stepping all the way up to an aggressive, dynamic and thrilling ride that requires practice and skill to master.

With fast-charging capability, you will have just enough time to enjoy your lunch after an adventurous morning, before the craft is waiting for a fun-filled afternoon.

Living up to its name, the **ROGUE** is a loveable mischievous child that ignores the rules and plays to its own wayward tune.

It's more fun flying!

Figure 2 - WaveFlyer ROGUE Concept Rendering

WaveFlyer UHV-1

The ENAUTIC *WaveFlyer* **UHV-1** is a short range remotely piloted or autonomous unmanned surface vessel (USV) capable of carrying payloads of up to 200kg at approximately 1m above the water surface. The hydrofoils are automatically retractable, leaving the craft configured as a very low draft and highly manoeuvrable small surface craft. With fully submerged electric direct drive motors and no gearbox, this craft features very low surface audible signature, imperceptible wake, very low thermal signature and low signature hull. The craft is highly manoeuvrable with fully automated hydrofoil flight control system that is ready for interface to a third-party autonomous mission control system, or fitted with ENAUTIC delivered autonomy. With proprietary hydrofoil arrangement the craft can execute coordinated very tight turning manoeuvres at speed. A range of payload configurations and mission profiles is possible. Use cases may include short range theatre awareness drone, harbour patrol drone, littoral supply, expeditionary craft.

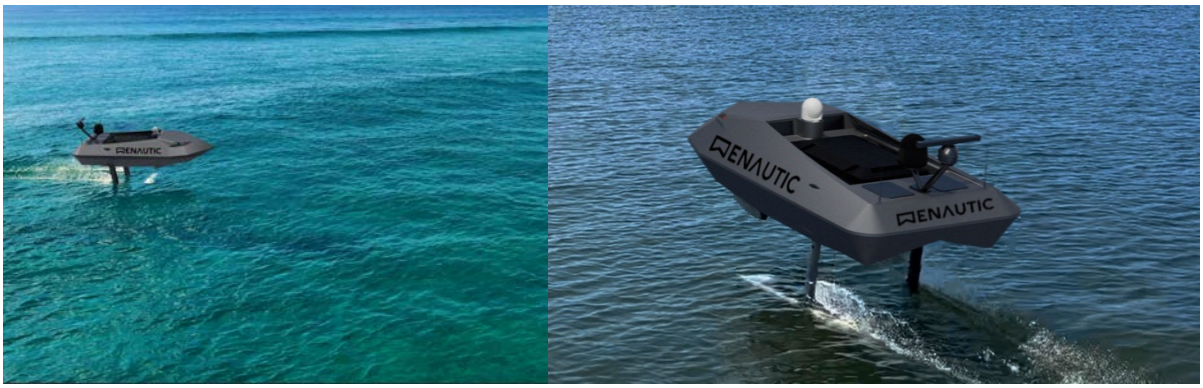


Figure 3 - WaveFlyer UHV-1 Concept Renderings

ENAUTIC Phone App

The ENAUTIC phone app can be used to turn on and control the WaveFlyer range of craft. A comprehensive set of controls is available, as well as remote access to alarms and warnings.

In the future we aim to make it possible to call the craft from its dock, to meet you at your oprefreed pick-up location.

2.5.2 Commercial Vessel Applications

The proven hydrofoil and flight control technology in our current demonstrator is directly applicable to a range of commercial vessels. ENAUTIC plans to develop solutions for a range of commercial marine vessels such as:

- Fast Ferries
- Crew Transfer Vessels
- Water Taxis
- Autonomous shared mobility rental craft

These developments will require future fund raising.

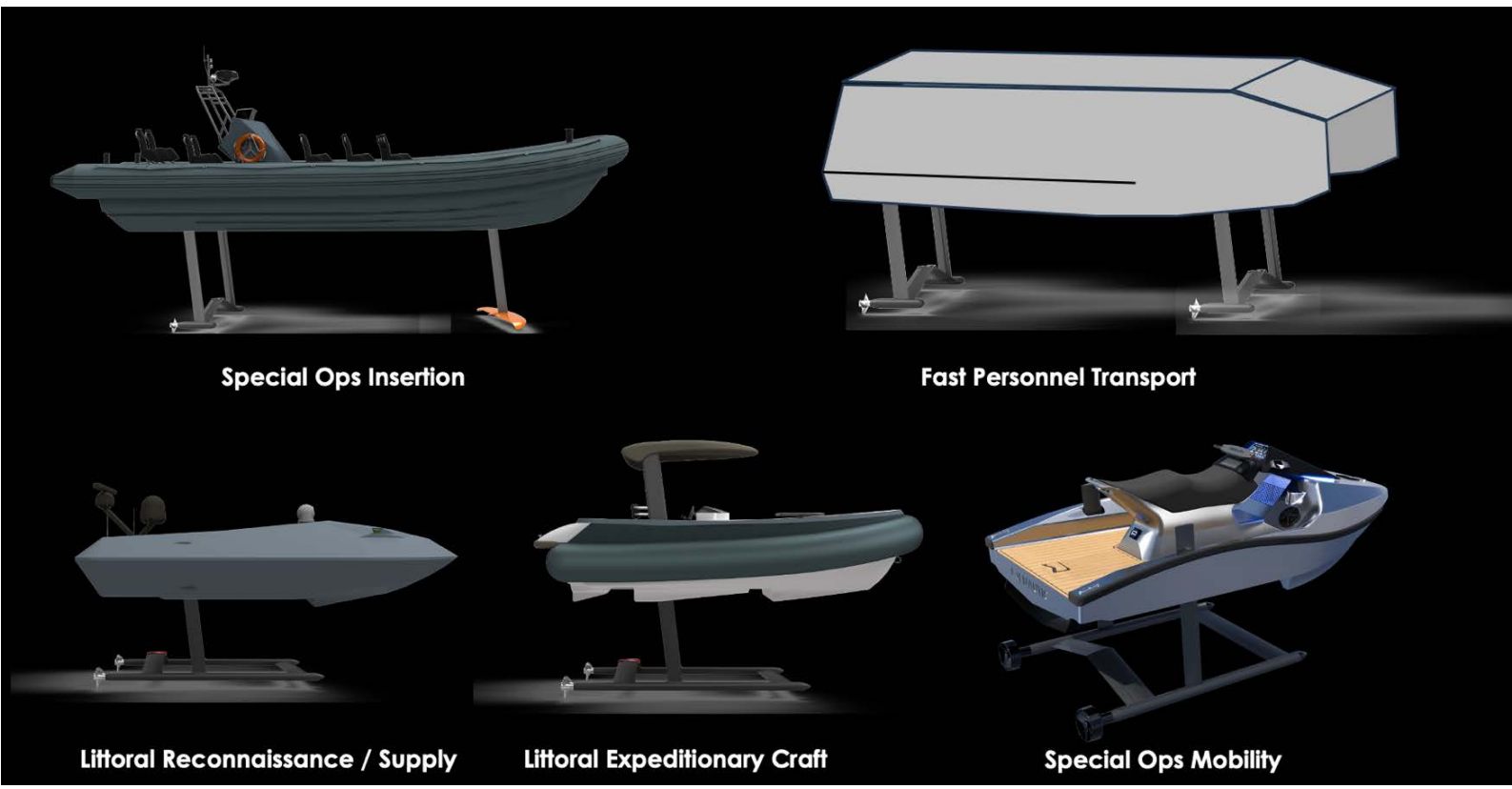
2.5.3 Military Applications

ENAUTIC believes that supporting the men and women who defend our way of life is an ethically sound undertaking. We are proud to support and serve.

There are a wide range of military applications for electric hydrofoil technology, especially in the current climate of political unease focused around littoral (or coastal) regions. These applications serve both naval operations and support land-based operations with logistical solutions.

Some of the specific applications that ENAUTIC is in early-stage discussions around, or has identified for future development include:

- Unmanned Surface Vessel – short range theatre awareness drone
- Unmanned Medivac
- Special Ops Insertion Craft
- Special Ops mobility
- Littoral expeditionary craft
- Fast Troop Carriers



2.5.4 Milestones / Timeline to Date

Date	Milestones / Achievements
CY2018	Development of an electric watercraft concept is initiated within Electro.Aero Pty Ltd as an opportunity incubation Small team of engineers from electric aircraft development team assigned to watercraft as a side project
CY2019	PWC (tandem seating) prototype launched Manual foiling height control and limited speed range Flight control based on drone controller
CY2020	First single seat prototype launched based on roto-moulded canoe hull First implementation of early **W-FOIL** arrangement
CY2021	Second single seat prototype launched, using roto-moulded kayak hull Swappable batteries First **WAVEDRIVE** patent issued Major US recreational vehicle OEM proposes two-seater side-by-side arrangement craft base on popularity of side-by-side ATV's vs in-line quad bikes Company pivots towards side-by-side hull arrangement
CY2022	Electro Nautic Pty Ltd spun out of Electro.Aero Pty Ltd (March) to further develop electric watercraft Work commenced on *WaveFlyer* **VOLARE** alpha prototype (side-by-side two seat recreational watercraft)
CY2023	*WaveFlyer* **VOLARE** alpha prototype launched 'Anti-spoiler' patent issued Promotional video shoot at Rottnest Island, receives over 4.0M views in Instagram Automatic flight control (manual foiling height control) with safe, controlled gradual turning demonstrated Company opens up Expressions of Interest for reservations of WaveFlyer **VOLARE** for USD$100.00 – receives more than 160 reservation EOI's Company receives Gold Good Design Award for **VOLARE** Company listed in Time Magazine Best Inventions of 2023 Modular **WAVEDRIVE** Patent Issued Electro Nautic Pty Ltd re-branded to ENAUTIC trading name *WaveFlyer* **VOLARE** beta prototype production commences Intensive flight control system development and testing program commences to demonstrate aggressive and dynamic manoeuvring with small turning circles
CY2024	Flight control development program successfully demonstrates aggressive and dynamic manoeuvring ENAUTIC featured on Channel 9's Innovation Nation TV show Founders' Edition *WaveFlyer* **VOLARE** and *WaveFlyer* **ROGUE** concept introduced Unmanned remote controlled operation demonstrated Unmanned Hydrofoil Vessel **UHV-1** variant of *WaveFlyer* concept issued for Defence applications Company shortlisted as finalist for Indian Ocean Defence & Security 2024 Emerging Technology Award ENAUTIC shortlisted as finalist for Subsea Energy Australia 'Subsea Business Awards' in 'Innovation and Technology' and 'Innovation in the Energy Transition' categories

Table 2 – Timeline of Milestones to Date

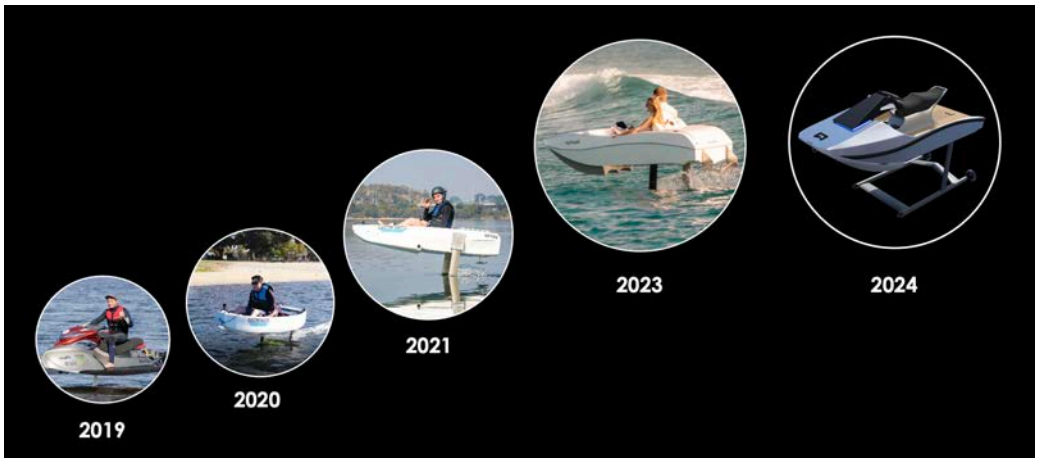


Figure 4 – ENAUTIC Prototype Development Timeline

2.5.5 Industry Overview / Competitor Landscape

In recent years a nascent but rapidly growing marine industry sector has formed around the development of electric hydrofoil boats and the technology that enables these craft. There are a number of start-up companies in this space globally. This is the fastest growing sector within the boating industry, and is defying a broadly soft market for marine craft. ENAUTIC is well positioned to obtain a leading position within this market.

Market research agency, Market Research Intellect[1] provides the following commentary "The Electric Hydrofoil Boat Market has undergone swift and considerable growth in recent times, and projections affirm that this notable expansion will endure from 2023 to 2031. The optimistic trajectory in market dynamics, combined with the expected ongoing expansion, signals the anticipation of robust growth rates over the forecasted period. In essence, the market stands at the threshold of significant and noteworthy development."

The electric hydrofoil boat market globally is forecast to reach approximately $109B by 2031 at a CAGR of 10.6%[2]

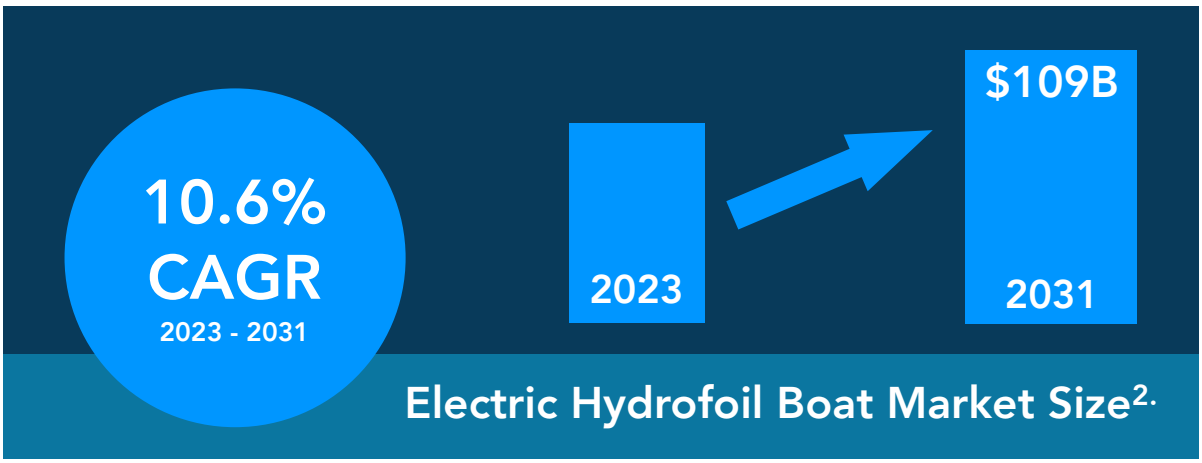


Figure 5 – Electric Hydrofoil Boat Market Key Trends [2].

[1] Market Research Intellect report "Electric Hydrofoil Boat Market Size, Trends and Projections", September 2024. https://www.marketresearchintellect.com/product/electric-hydrofoil-boat-market/

[2] Market Research Intellect, "Electric Hydrofoil Boat Market Key Trends", July 2024. https://www.linkedin.com/pulse/global-electric-hydrofoil-boat-market-growth-factors-s4ygf/

2.5.6 What Sets Us Apart

As a technology company, we are focused on developing, protecting and sharing the best electric hydrofoil technology. Our intention is that leading technology is our primary differentiator to other companies in the space.

However, the result of this technical development is … more fun for our customers!

Our proprietary and patent pending[3] **W-FOIL** hydrofoil arrangement, combined with our proprietary **HYDRAFLIGHT** flight control system, utilises technology inspired by fighter jet design (see section 2.4) to provide what we believe are three significant advantages over other hydrofoil technology:

1. The ability to operate at higher foiling heights
2. The ability to turn more aggressively and dynamically
3. The ability to accommodate larger movements in payload (like passengers moving to one side of the vessel to watch a passing whale)

We aim to continue to demonstrate and prove these benefits in a range of applications through our ongoing demonstrator vessel program, with support from your funds.

These three features provide different benefits to our customers depending on the operation requirements for that application. For a small recreational watercraft aimed at fun and adventure, like the *WaveFlyer* **ROGUE**, the ability to exhilarate users is our advantage. For a commercial fast ferry operating in waves, the ability to fly higher above the waves and continue to safely and comfortably operate in larger waves is our advantage goal. For a tourist attraction ferry boat, the ability to allow passengers to move away from their seating position, without the risk of the vessel losing 'grip' on the water is our advantage goal.

[3] Australian Innovation Patent No. 2021104570
International Patent Application No. WO 2022/192940 (PCT/AU2022/050217)

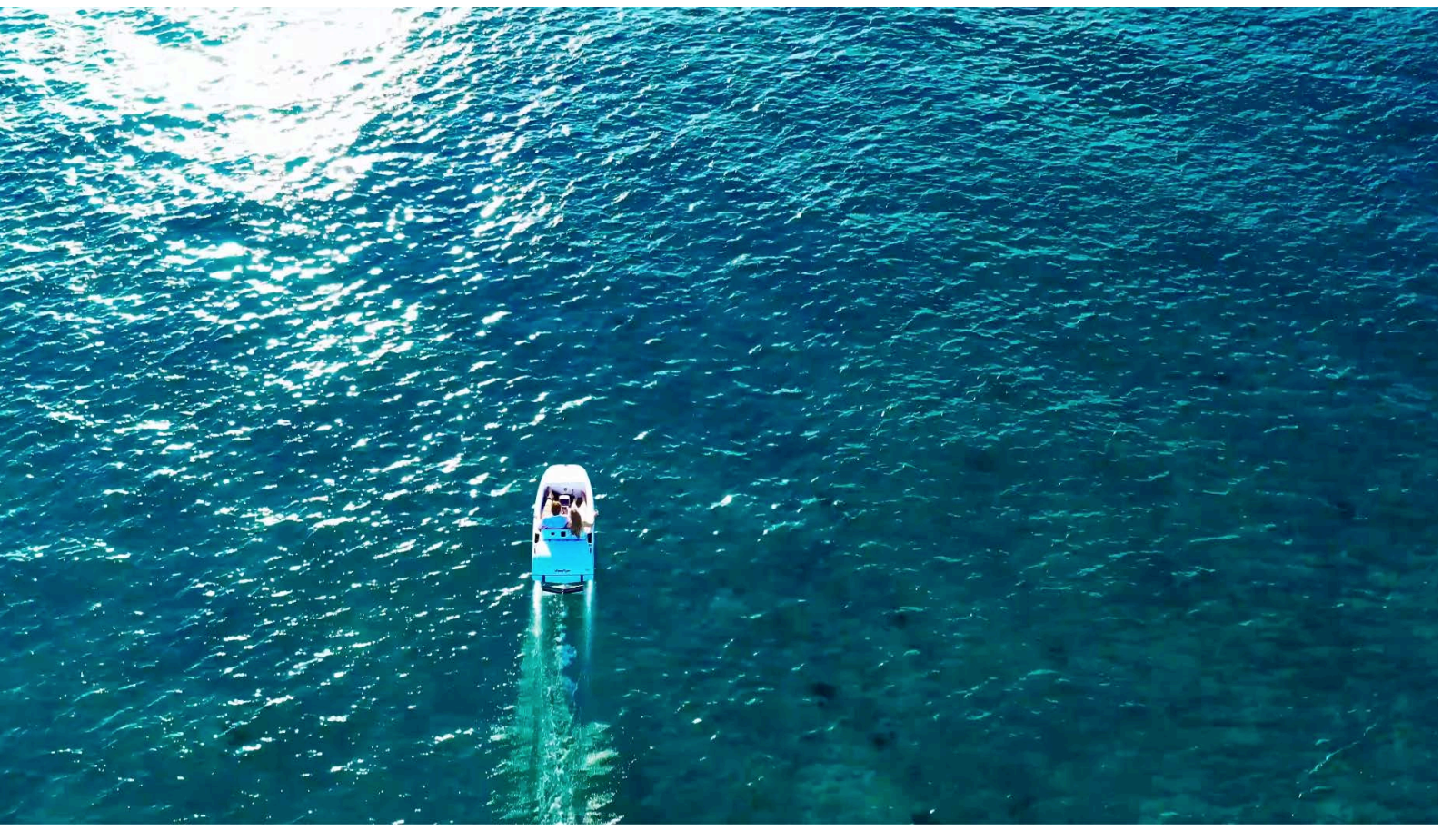
2.5.6.1 ENAUTIC Patents

	Patent No.	Title	Country	Patent Type	Filing Date	Status
1	AU2021104570	Hydrofoil	Australia	Innovation	26 July 2021	Granted
2	PCT/AU2022/050217 (Publ.No.WO 2022/192940)	Hydrofoil	PCT	PCT	15 March 2022	Lapsed*
3	AU2022236290	Hydrofoil	Australia	National phase	15 March 2022	Filed
4	CA3210979	Hydrofoil	Canada	National phase	15 March 2022	Filed
5	CN116981616 (Appl.No.202280021670.4)	Hydrofoil	China	National phase	15 March 2022	Filed
6	EP4308445 (Appl.No.22770068)	Hydrofoil	European Union	National phase	15 March 2022	Filed
7	NZ803137	Hydrofoil	New Zealand	National phase	15 March 2022	Filed
8	US20240149979 (Appl.No.18/550384)	Hydrofoil	USA	National phase	15 March 2022	Filed
9	AU2023903304**	Hydrofoil Mount	Australia	Provisional	16 Oct 2023	Filed

Table 3 – ENAUTIC Patent List

* It is considered that the invention covered by this patent did not form a necessary part of the Company's technical differentiation,

** We note that the specification of the provisional application is not published. Links to the Google Patents version of each patent specification that is published are provided in the above table.



2.6 Business and Revenue Model

2.6.1 Commercial Model

2.6.1.1 Direct to Consumer (B2C) – Recreational Craft

ENAUTIC may manufacture electric hydrofoil craft in various geographical regions based on competency and capacity, and proximity to market. The first and priority market is recreational watercraft. The Company is in conversation now with manufacturing partners and supply chain in multiple countries to establish large batch production lines for these craft in the short term, once design for manufacture is completed with the funds raised under the Offer.

Marketing and distribution may initially be direct to consumer. ENAUTIC may consider commission-based sales agencies in specific regions, and may engage strategic distribution partners as the need arises.

2.6.1.2 B2B - Commercial Vessel Market

ENAUTIC is also forming partnerships to develop commercial electric hydrofoil vessels. Future fund-raising activity will support the acceleration of this opportunity.

Commercial vessel application development may be carried out with leading strategic partners from the boat design and building industries in order to benefit from the significant experience of these partners and their long-established networks of contact with end-user vessel operators.

One example of this is our newly formed partnership with Incat Crowther naval architects in Sydney, Australia. Under this agreement the two companies may apply their experience and knowledge to co-develop electric hydrofoil fast ferry designs for marketing to builders and operators. ENAUTIC is very excited to be partnering with a long-standing firm with an exceptional global reputation, and a very significant portfolio of commercial vessel designs, including several electric drivetrain projects.

2.6.1.3 Manufacturing Licenses

A key part of ENAUTIC's commercial model is to provide proven electrical hydrofoil technology to the global Original Equipment Manufacturer (OEM) and boat building industry under manufacturing licenses, to allow the sector to rapidly embrace this rapidly growing technology with acceptable risk and schedule. To attract licensee customers, ENAUTIC plans to build demonstrator vessels for various applications. ENAUTIC's technology may be provided to these customers under license. In this way, we can have the largest and fastest impact on the rapid adoption of electrified marine craft globally. This also exposes ENAUTIC to a wider range of commercial opportunities than would be attainable if we focused only on being a vertically integrated boat builder or boat operator. ENAUTIC is committed to being a first-class partner for our licensee customers.

ENAUTIC's commercial model features optionality to build robustness. Depending on the capability of our licensee customer, our license model may include a comprehensive technology transfer allowing the OEM to build practically the whole vessel, including the electric and hydrofoil systems. However, customers who are less able to build the complete electrical hydrofoil propulsion system, may require that we deliver some, or all, of the hydrofoil propulsion system, for integration into the customer's hulls.

Our culture is pinned upon the idea of being the best industry partner we can be. This puts focus where it should be… on adding value to, and supporting our licensees to maximise their return on investment in ENAUTIC technology.

2.6.2 Revenue Model

2.6.2.1 Recreational Craft Sales

Revenue from direct-to-consumer recreational craft sales may come from a series of streams as follows:

- Initial craft sales payments, typically in multiple milestone payments, allowing the material and early production costs to be offset by early milestone payments
- Recurring service support fee aimed at supporting the costs of database support (manuals, how-to videos, spare parts ordering, and web interface between the factory, end-user and service network
- Optional subscription fees for specific new capabilities, like geofencing, rental fleet support infrastructure, autonomous mission control, and special performance enhancements
- Spare parts sales (on items not covered, or out of warranty)
- Service agent fees for ongoing factory support

2.6.2.2 Manufacturing Licenses

Our revenue model for manufacturing licenses may include a mix of the following elements, depending on our customer's needs as discussed above:

- Up-front IP license fee
- Engineering support contracts based on defined work-scopes
- Sales royalties based on unit sales or sales value
- Equipment supply, as appropriate to the customer's needs, (typically based on scheduled milestone payments to minimise balance sheet impact)
- Recurring subscription payments for remote over-the-web system support for the craft, and ongoing systems upgrades
- Recurring spares parts sales for those specific items we supply
- Subscription based payments for over-the-web enabled specific functional features (like geofencing, autonomous vessel recall, advanced agility options, autonomous operations, fleet management systems for rental fleets)

2.6.3 Key Sales / Distribution Channels

ENAUTIC will engage directly with B2C sales for the *WaveFlyer* recreational craft range. Using website as the central hub, supported by tradeshow attendance and continue social media marketing.

For commercial vessel applications, our preferred engagement is B2B between ENAUTIC and OEMs and boat builders. To that end it is envisioned that we will primarily engage sales distribution support on a commission basis rather than establishing a wholesale distribution network.

We will seek partners to provide technical after sales support as required on a market segment and regional basis.

2.6.4 Markets Sectors

We see a wide range of end-use opportunities for ENAUTIC, all utilising our core electric hydrofoil propulsion system technology. Our challenge is to carefully and sequentially schedule and resource the necessary technical development and sales and marketing costs for approaching these markets, so that we focus on the highest ROI industry sectors at each step, and do not over-extend or diffuse ENAUTIC's resources.

Key (not exclusive) market opportunities that we see as targets include:

- Small recreational craft
- Tenders to larger boats
- Shared mobility solutions based on autonomous systems
- Fast Ferries
- Water Taxis
- Military applications

A key mid-term opportunity is to sell a manufacturing license to one or more of the established marine recreational craft OEMs. This opportunity is temporarily delayed by softening demand for marine recreational products, related to difficult macro-economic conditions. It is expected that the current conditions will cycle upwards as discretionary spending returns and consumer confidence improves.

Fortunately for ENAUTIC, the spending habits ultra-high net worth individuals (UHNWI) are less impacted. This is part of the driver for the exclusive Founders' Edition of craft, targeting customers willing to pay for a limited series of hand-crafted craft that are the first of their kind.

2.6.5 Key Value Drivers

As a technology company we believe that our primary value driver is leading technical solutions, based on a strong R&D and IP portfolio development program.

A key value driver will be robust and proven solutions to technically challenging needs of our licensee boat builders. This is in-line with our goal of de-risking the rapid uptake of our highly advantageous electric hydrofoil technology. In order to do this, attracting and maintaining a high calibre team of engineers and technicians will be required.

It is anticipated that the support of our licensees with both engineering and commercial support after sale will drive value for both our licensees and ENAUTIC through ongoing fees.

2.6.6 Components of the Business

There are several key components of our business required to successfully commercialise our electric hydrofoil technology. These include:

- Application of advanced science to solving practical technical challenges for our customers
- Preparation of fit-for-purpose technical documentation packages to allow our customers to implement our technology reliably
- Capable global marketing leveraging digital and direct methods as far as possible
- Commercial contract preparation and negotiation
- Ongoing support of licensees with technical and commercial support

2.7 Business Strategy

2.7.1 Product Range Expansion

A key short-term priority for ENAUTIC is to produce a recreational vehicle product within the *WaveFlyer* range that is priced such that it is accessible to a broader market of users. The Founders Edition craft are a limited edition of hand-crafted craft that are aimed at a small percentage of the overall market that are willing and able to pay a premium price to have a first-of-kind product. ENAUTIC aims to use the technical developments achieved through the Founders Edition **VOLARE** and **ROGUE** developments, to create a craft with similar features but at a lower cost, so that these craft can be enjoyed more widely. This exciting development is key immediate goal for ENAUTIC.

With a successful CSF raise, we plan to develop a second, larger, RIB *WaveFlyer* utilising technology derived from the new patent that is current in preparation at ENAUTIC. It is likely that this RIB *WaveFlyer* craft will be 7.3m in length. This exciting development has the potential to spearhead ENAUTIC into a stronger technically differentiated position.

A key mid-term goal of ENAUTIC is to develop electric hydrofoil systems for fast ferries, Crew Transfer Vessels (CTV's) and water taxis. ENAUTIC believes that this sector provides both the largest commercial opportunity, and also the best opportunity to significantly impact the decarbonisation of marine passenger transport globally. We remain open to earlier opportunities to enter this market sector as opportunities arise.

Developing opportunities in the Defence sector will also be a focus, based on the immediacy and mid-term potential of those opportunities. Defence opportunities will be pursued on a fully costed project by project basis, rather than off balance sheet.

2.7.2 Research & Development

ENAUTIC will use funds from this CSF campaign to continue to develop and prove leading technical developments for electrical hydrofoil technology in line with our goal of maintaining a technical leadership position in this sector. Areas of focus may include:

- Increasing foiling height for a given hull envelope
- Further increases in agility
- Reduced production costs
- Design for manufacture

2.7.3 Intellectual Property Portfolio Expansion

Some of the funds from this crowd source funding campaign will be directed to issuing one or more new patents that are aimed at providing further technical differentiation with formal IP protection. This in line with ENAUTIC's goal of becoming and remaining at the leading edge of electrical hydrofoil technology. The specifics of these developments are confidential at this time, but ENAUTIC believes that the new patents under development will be at least as commercially valuable as the **W-FOIL** arrangement. We look forward to updating industry as soon as possible.

2.7.4 Sales

2.7.4.1 WaveFlyer Product Range

The *WaveFlyer* range of watercraft products are all based on an identical common **WAVEDRIVE** electric hydrofoil drive train. A key use of the funds raised under the offer will be to complete the design for manufacture for the **WAVEDRIVE** to allow this to be put into large batch production. We are working with manufacturing partners in multiple countries to plan production once the production planning an engineering is completed. This will allow production of the limited-edition Founders' Edition of *WaveFlyer* **VOLARE** and *WaveFlyer* **ROGUE** craft, as well as other *WaveFlyer* models soon to be announced. The sequence of putting models into production will be based on order book. The engineering of the **WAVEDRIVE** electric hydrofoil drive train is common to all *WaveFlyer* models, which provides flexibility.

2.7.4.2 Commercial Vessels

ENAUTIC is working with industry partners to develop commercial vessels using ENAUTIC **WT-FOIL** and **WW-FOIL** arrangements. Commercialisation of these developments will require additional funds to be raised in subsequent rounds.

2.7.4.3 Manufacturing Licenses

ENAUTIC remains open to future licensing agreements to allow established OEMs to manufacture recreational craft under licence.

2.7.5 Marketing / Fund Raising

ENAUTIC aims to attend a limited number of global trade shows in 2024 and 2025, with the aim of increasing the global industry's awareness of the offerings of ENAUTIC, and to seek both strategic partnerships and sales opportunities. The number of shows attended will be limited to those definitive shows that are very widely attended and represent a broad range of opportunities for ENAUTIC. One such show is METSTRADE in Amsterdam in late November. ENAUTIC will also aim to attend one or two tradeshows in the US (IBEX and FLIBS), with associated road shows to demonstrate the technology to customers, potential industry partners and investors.

Following the completion of this CSF round, ENAUTIC is planning a Series A raise in the US in early 2025. This capital raising campaign is aimed at accelerating the development of a 5.5m RIB electric hydrofoil using the **WT-FOIL** arrangement and incorporating technology from the new patent currently in preparation. The funds from this future round will also be used to fund the development of commercial vessel electric hydrofoil solutions, and demonstrating capability in this sector.

2.7.6 Use of Funds

ENAUTIC is raising funds to expand its market reach, enhance its technology, and go into series production.

2.7.6.1 Use of Funds - Minimum CSF Funds Raised

If the minimum CSF raise amount is raised, the funds will be combined with existing balance sheet funds to focus on the engineering and planning to put the **WAVEDRIVE** electric hydrofoil propulsion system, and the *WaveFlyer* range into production. The underlying technology is now well proven with almost a year of operation on the Swan River in Perth. A major focus of the design for manufacture phase will be ensuring cost efficiency based on the batch production levels expected. We are now at a very exciting point in the company's history, where we can move from product develop to production. This is our opportunity to reward our loyal (and patient) group of early adopter customers who have reached out and paid a small deposit to be first in line for production slots of the new craft.

Marketing expenditure will support ongoing digital marketing, as well as planned attendance at a limited number of key trade shows. Note that the charts in Figure 7 and Figure 6 relate only to funds raised under the Offer. Other funding off balance sheet will also be applied but is not represented in the charts.

Key objectives under a minimum CSF raise scenario are listed below:

- Combine CSF funds with existing balance sheet
- Carry our engineering and planning to put **WAVEDRIVE** assemblies into production with production partners
- Develop new *WaveFlyer* model to meet price point and features identified by reservation holders and market research
- Put optimised *WaveFlyer* model into production to order, based on achieving MOQ
- Put additional *WaveFlyer* models into production based on achieving MOQ
- Market *WaveFlyer* range at key trade shows: METS, and FLIBS in 2024
- US Road trip for consumer marketing, strategic partners and new equity investors
- Establish *WaveFlyer* distribution logistics and service partners
- Raise Series A equity round in US
- Remain open to OEM IP manufacturing licensee(s) to achieve maximum volume production
- Move into facility that can house the admin, sales and engineering team and facilitate demonstrator assembly and testing (off balance sheet, not CSF funds)

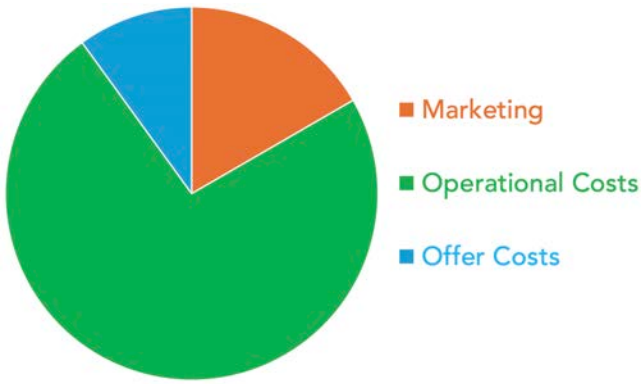


Figure 6 – Use of Funds Breakdown Assuming Minimum CSF Raise Amount

2.7.6.2 Use of Funds - Maximum CSF Funds raised

If the maximum CSF raise amount is raised, ENAUTIC will have more options to accelerate putting the *WaveFlyers* into production and market these craft to drive sales. The Company will also be able to develop what we believe will be a groundbreaking new technology based on our latest patent that is being written now under wraps. The second RIB WaveFlyer craft may be the first craft to demonstrate this new technology. A large portion of these funds will be deployed to progress research & development and design for manufacture of the new ***WT-FOIL ST*** hydrofoil arrangement, as well as the second *WaveFlyer* RIB craft to become production ready.

Under our collaboration with Incat Crowther naval architects (and other partners), we will develop fast ferry designs to allow these to be marketed to ferry builders and operators globally, in partnership with Incat Crowther. One potential application is the Swan River fast ferry service that is a current topic of political conversation. ENAUTIC has applications in place for grants from the Government that will augment the CSF funds if we are successful.

Development of fast ferry technology to the point of demonstration will require additional future capital raising. Based on successfully putting the recreational craft into production using funds raise under the Offer, it is intended to execute a future raise (in early 2025) to allow the company to approach the larger commercial vessel market. This future raise will be executed regardless of whether minimum or maximum CSF raise is achieved.

We will also continue to market ENAUTIC's products through trade show attendance, demonstrations and road trips.

Key objectives under a maximum CSF raise scenario are listed below:

- As per Minimum raise, plus the following
- Carry out concept engineering (larger team) with strategic partner Incat Crowther Naval Architects for Fast Ferries and Crew Transfer Vessels
- Engage with fast ferry operators and builders (with Incat Crowther) to identify optimal initial routes and vessel specifications
- Seek Aust Government matched funding (based on Series A funding) for Fast Ferry technology demonstrator development
- Attend Fast Ferry and Crew Transfer industry tradeshows internationally
- Build sales team for commercial vessel applications
- Engage with major commercial vessel equipment suppliers for potential IP licenses

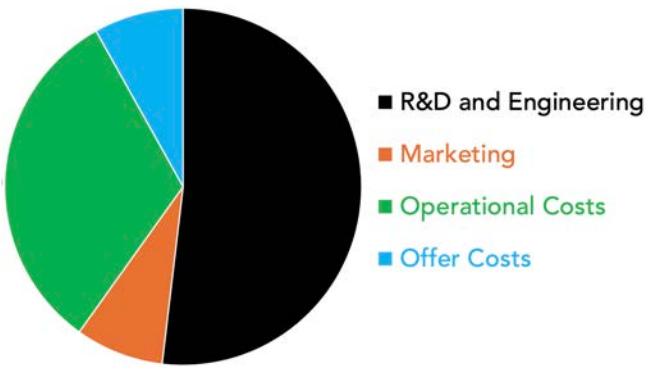


Figure 7 – Use of Funds Breakdown Assuming Maximum CSF Raise Amount

2.8 Our Team

2.8.1 Organisational Structure

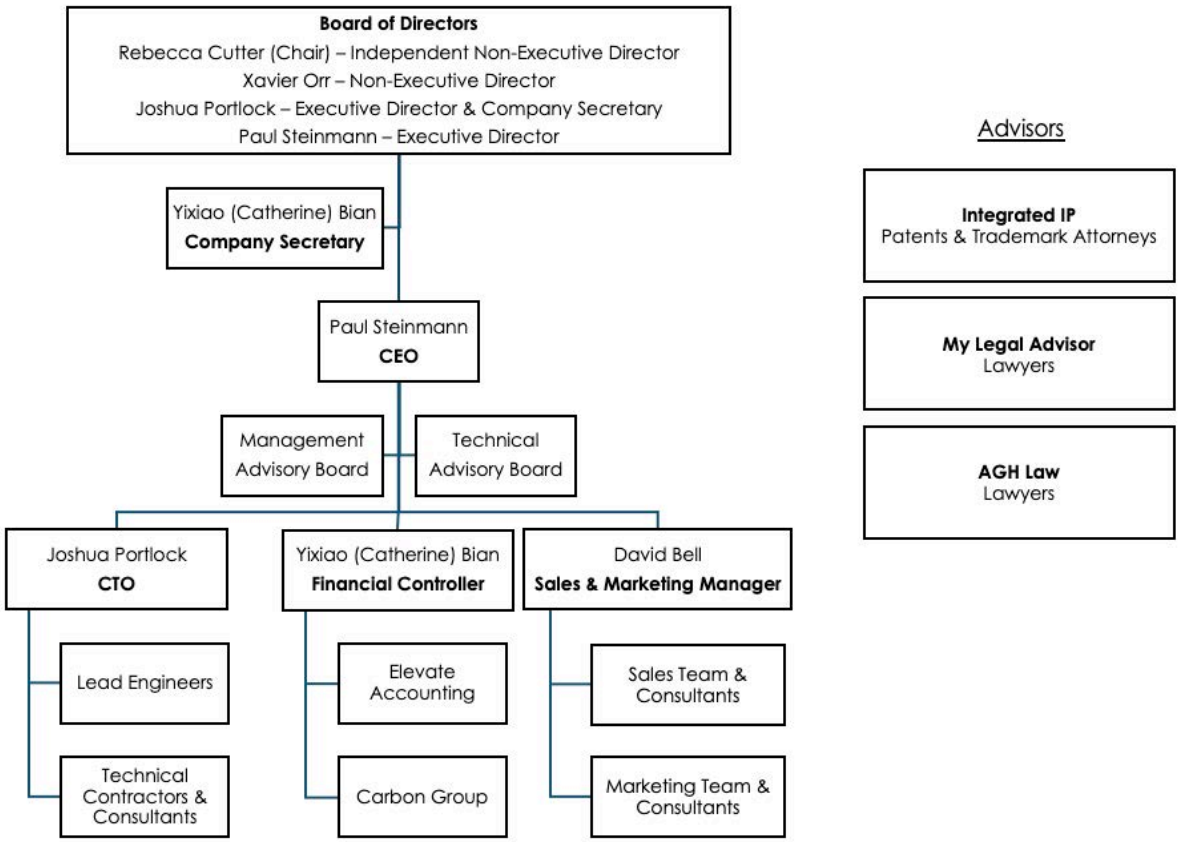


Figure 8 – Organisation Chart

2.8.2 Directors & Senior Managers

Rebecca Katharine Cutter

Role

Independent Non-Executive Director (Chair)

Description of duties

Ensuring that the board is effective in its task of implementing ENAUTIC's direction and strategy

Skills and experience

Rebecca is an experienced finance and commercial professional with a passion for social impact (and wing foiling).

Rebecca is skilled in management, financial analysis, accounting, strategy, communications and stakeholder relations. Graduate of AICD Company Directors Course, Chartered Accountant with ICAEW, and graduated with a History & Politics degree from University of Oxford.

Rebecca has previously held the role of CFO of listed Australian company Carnegie Clean Energy Ltd (ASX:CCE) and was instrumental in establishing the Containers for Change program in Western Australia.

Rebecca owns organisational consulting company Fit for Purpose WA, where she provides strategic, financial and commercial advice to not for profit, social enterprise and 'for purpose' organisations seeking to maximise their impact for people and planet.

Rebecca brings a truly independent, strategic and governance focus to the role of leading our Board.

Paul Douglas Steinmann

Role

CEO & Executive Director

Description of duties

Provide overall direction and leadership for ENAUTIC. Responsible for setting strategic goals and objectives of the organisation and ensuring that the necessary resources are in place to achieve them.

Skills and experience

Paul began his career as a research scientist testing and developing keels, winglets and rudders for America's Cup yachts. He then spent time as a naval architect in the fast ferry ferry industry, fast ferry hydrofoil stabilisation systems, FPSO developments, and subsea construction.

Paul holds a Bachelor of Mechanical Engineering from The University of Melbourne and an MBA from The University of Western Australia. He is a Fellow of the Royal Institution of Naval Architects and a Chartered Engineer.

Paul is a proven marine technology innovator, having founded Halcyon International in 2004 to develop what is now the VEEM Gyro product range. The technology was acquired by VEEM Ltd in 2011. Paul stayed on to lead the technical and commercial development of the product range, and assisted the company to list on the Australian Stock Exchange (ASX:VEE) in 2016.

Xavier Phillip Orr

Role

Non-Executive Director

Description of duties

Governance of ENAUTIC, mentoring and guiding the executive team. Guidance on the management of high growth technology business.

Skills and experience

Xavier is the CEO and co-founder of an Australian technology company, Advanced Navigation, focussed on AI-based robotics and navigation company

Xavier earned his mechatronic engineering and computer science degrees from the University of Western Australia where he completed his thesis on the application of neural network AI to inertial navigation. During this time, Xavier was head of research and development at Cyber Technology, a company specialising in autonomous systems.

Following the completion of his thesis, Xavier commercialised his research on AI-based inertial navigation systems, co-founding Advanced navigation. Since 2012, the company has experienced great success and has progressed into several deep technology fields, including underwater sonar, GNSS antennas and receivers, radio frequency systems, inertial sensors, robotics, and quantum-enhanced inertial navigation.

Xavier brings to the ENAUTIC board, highly relevant experience in the building of a high growth marine technology company.

Joshua Nathaniel Portlock

Role

CTO, Executive Director & Company Secretary

Description of duties

Responsible for overseeing ENAUTIC's technical strategy, architecture, and engineering, ensuring that ENAUTIC's technology is aligned with the business objectives. Managing company's IP portfolio.

Skills and experience

Josh is an Australian innovation leader in multidisciplinary design-optimised aerodynamics, electric propulsion, and control systems. He has presented at TEDxPerth, been recognised in HolonIQ's top 100 Climate Tech companies in Australia/NZ, Anthills Top Smart 100, was nominated as Young Manufacturer of the Year, and won Curtin Alumni's Innovation Award.

Josh has two decades of experience developing and commercialising electric propulsion and autonomous systems. He is a proven entrepreneur and robotics engineer who has specialised in electric propulsion technologies.

Yixiao (Catherine) Bian

Role

Senior Manager, Company Secretary and Financial Controller

Description of duties

Financial reporting, risk management, and budgeting.

Managing fundraising and investor relations to ensure ENAUTIC has adequate financial resources to support growth and innovation.

Management of the registration of ENAUTIC and important records such as ENAUTIC's constitution, shareholder registers, and other legal documents

Skills and experience

Catherine is an Australian Certified Practising Accountant (CPA). She earned her Bachelor in Business Management and Accounting from Shanghai University and a Master's degree in Accounting from Macquarie University.

Additionally, Catherine is a graduate of the Australian Institute of Company Directors (AICD) course on 'The Board and the Company Secretary'.

With over 15 years of experience, she has honed her skills in financial and management accounting across various sectors, including the mining industry, technology startups, and public practice financial control and auditing roles.

2.8.3 Our Team / Our Leadership Team / Our Advisors

David Bell

Role

Sales and Marketing Manager

Description of duties

David's duties include managing the promotion of ENAUTIC through traditional and digital media, direct sales and business development.

Skills and experience

David Bell has over 15 years of experience in marine technology and leisure craft global sales.

David represented Fliteboard eFoiling systems in Western Australia before the company was acquired by Brunswick Corporation in 2023.

Prior to that David represented the Sea Breacher submersible marine recreational vehicle.

Joshua Cribb

Role

Research and Development Engineer

Description of duties

Joshua's duties include mechanical and electronic design, prototype manufacturing, prototype skipper and marketing support.

Skills and experience

Joshua Cribb is an innovative mechatronics engineer with an impressive track record in novel and renewable technologies. He has a background in product development and rapid prototyping, specialising in electrical and mechanical systems for electric boats, aircraft, hydrofoil craft, and stabilisation systems.

Joshua's career has involved programming and testing industrial control systems for mining and automated vehicles and in commercial yachting operations and building.

He has worked for world-class racing teams like Sail GP, and collaborated with numerous winning America's Cup designers, run international engineering teams making novel technologies, and built remote prototyping facilities for ultra-high-net-worth individuals.

His work on the WaveFlyer development at ENAUTIC has resulted in several global engineering awards.

Michael Andrewartha PhD

Role

Naval Architecture and Mechanical Engineering Consultant

Description of duties

Michael is a co-inventor of the ENAUTIC *WAVEDRIVE* and a co-founder of the company. Michael continues to provide expert consultancy advice in the areas of hydrodynamics and propulsion systems.

Skills and experience

Dr. Michael Andrewartha is a co-inventor of the ENAUTIC WaveDrive and continues to provide expert consultancy advice in the areas of hydrodynamics and propulsion systems.

Michael holds a Bachelor of Engineering in Naval Architecture and a PhD in Numerical Hydrodynamics of hydrofoils from the University of New South Wales.

Michael is an experienced and proven expert in the fields of mechanical engineering and fluid dynamics.

Michael's previous role was as Principal Engineer for VEEM Engineering where he led the successful design and development of the Marine Gyrostabiliser product line.

Ian Hooper

Role

Lead Electrical Engineer

Description of duties

Ian provides technical leadership for the design and development of the electrical and electronic systems within ENAUTIC's electric hydrofoil products.

Skills and experience

Ian Hooper is a pioneer of the electric vehicle industry in Australia. He is a qualified Mechatronic Engineer (B.Eng Hons) and has a Masters' Degree from the Renewable Energy Vehicle group at the University of Western Australia.

In 2007 he founded Zero Emission Vehicles Australia and spent over a decade undertaking development and manufacturing of control systems and power electronics for electric vehicles.

He also has a wide range of experience providing engineering contracting and consulting services, including the development of prototype electric aircraft, safety systems for industrial machinery, vehicle physics simulations, and control systems for radio telescopes.

2.8.4 Our Advisory Board

Rod Houston

Role: Management Advisory Board Member

Fuelled by curiosity and a passion for innovation Rod has guided innovative companies through the journey of scale-up and scale-out over the last 25 years. A career started from developing racing motorcycles, an engineering degree then a Doctorate in computer modelling with Yamaha to today, leading companies through commercialisation across multiple industries.

Alan Parker

Role: Management Advisory Board Member

With 45 years of experience in telecommunications and electronic engineering, Alan's career has been marked by innovation and leadership. He studied electronic engineering in the UK and began his professional journey with British Telecom in their advanced research group, where he played a specialised role in transitioning from mechanical to electronic switching.

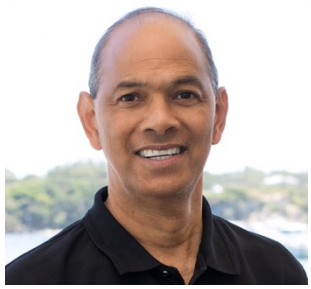
Lorri Bell

Role: Management Advisory Board Member

Lorri Bell brings has a wealth of knowledge and contacts in the luxury maritime industry.

Lorri holds a Bachelor of Engineering in Industrial Engineering, is the owner and director of Exclusive Yacht Management, a full service yacht management company for commercial luxury yachts over 75 metres.

Lorri has over 25 years of experience including management, construction and crewing for large megayachts.



Brendon Westerhout

Role: Management Advisory Board Member

A multi-disciplined maritime industry professional with over 4 and a half decades of international industry experience as, director, board member, commercial management, business development, sales, marketing, shipbuilding project management, operational management, safety management, auditing, new builds, refits, vessel operation/management (Master 3000 GT).

Tristan Perez PhD

Role: Technical Advisory Board Member

Tristan Perez holds a PhD in Applied Mathematics, Systems and Control Theory from the University of Newcastle.

Tristan is a thought leader who works across strategy, research, innovation, and customer engagement. He is a problem solver with a unique blend of experience founded on 25 years of technical capability in system theory, dynamic optimisation, artificial intelligence, robotics, automation, and decision science. Tristan brings trans-disciplinary leadership to teams focused on customer solutions

As an Associate Technical Fellow in Autonomous Systems at the Boeing Company, Tristan's current work at Boeing covers collaborative autonomous systems, resilience in command & control, verification & validation of autonomous system behaviours, explainable AI, battle management systems, and mission planning optimisation. Tristan is a Boeing Designated Expert in autonomous systems.

Tristan was previously full Professor of Robotics and Autonomous Systems. He worked in ship-motion control, renewable energy, econometrics, system identification, autonomous ground robots, underwater vehicles, surface ship modelling, modelling & simulation, motion control, and propulsion, and complexity in warfare.

Through his consulting company, Tristan is a key advisor to Electro Nautic in the internal development of flight control systems and autonomous navigation.

2.8.5 Group Structure

ENAUTIC is an independent Pty Ltd Australian company and does not have any subsidiary companies. ENAUTIC is not a subsidiary of another company.

2.8.6 Other Related Parties

Electro Venture Holdings Pty Ltd ACN 661 788 629 (EVH) is a related party of ENAUTIC.

EVH is a shareholder of ENAUTIC owning approximately 16.5 % of the outstanding shares in ENAUTIC as at 19th August 2024.

EVH rents the business premises at 6/502 Marmion Street, Booragoon WA 6154 and sub-leases part of the premises to ENAUTIC for fair market value. The lease agreement between EVH and ENAUTIC is on arms' length terms. For the avoidance of doubt, ENAUTIC does not own the Property, and it does not form part of the assets owned by ENAUTIC or included under this CSF Offer.

Joshua Portlock is a director of both EVH and ENAUTIC.

Electro Aero Pty Ltd ACN 602 202 746 is a related party of ENAUTIC.

Electro Aero originally incubated the technology development, before spinning ENAUTIC off as an independent Pty Ltd Company in March 2022. Electro Aero is a shareholder of ENAUTIC owning approximately 20 % of the outstanding shares in ENAUTIC as at 19th August 2024.

ENAUTIC does not use or rely on any assets or intellectual property owned by Electro Aero.

Joshua Portlock is a director of both Electro Aero and ENAUTIC.

AquaFlights Pty Ltd ACN 656 853 431 is a related party of ENAUTIC.

AquaFlights is a potential customer of ENAUTIC. AquaFlights plans to purchase ENAUTIC watercraft in to operate them as a rental business. AquaFlights is not a shareholder of ENAUTIC.

ENAUTIC does not use or rely on any assets or intellectual property owned by AquaFlights.

Joshua Portlock is a director of both AquaFlights and ENAUTIC.

2.9 Capital Structure

2.9.1 Issued Capital

As at the date of this Offer Document, ENAUTIC has 94,982,420 ordinary shares and 7,220,805 options on issue. The existing ordinary shares includes 84,924,820 fully paid shares and 10,057,600 unpaid shares.

ENAUTIC has the authority to issue up 30% of ENAUTIC's fully diluted equity through its ESOP, under the Constitution.

Table 4 below sets out the issued capital of ENAUTIC before the Offer.

Shareholder	**Share Type**	**Shares**	**Options**
Electro.Aero Pty Ltd	Ordinary	18,084,223 (19.04%)	- (0%)
Electro Venture Holdings Pty Ltd	Ordinary	15,270,123 (16.08%)	- (0%)
Portlock Innovations Pty Ltd ATF The Joshua Portlock Family Trust	Ordinary	7,500,000 (7.90%)	- (0%)
Xavier Phillip Orr	Ordinary	5,402,485 (5.98%)	- (0%)
Richard Francesco James Charlton	Ordinary	5,000,000 (5.26%)	- (0%)
Shareholders holding <5%	Ordinary	28,615,659 (29.83%)	- (0%)
ESOP	Ordinary	15,109,930 (15.91%)	7,220,805 (100%)
Total		94,982,420 (100.00%)	7,220,805 (100.00%)

Table 4 – Issued Capital of ENAUTIC Before the Offer

Table 5 sets out the issued capital of ENAUTIC following the Offer on a fully diluted basis (i.e. presuming all options are exercised).

Shares	**Minimum Subscription**	**Maximum Subscription**
Existing Ordinary Shares	79,872,490 (69.31%)	79,872,490 (60.10%)
ESOP Shares (Issued & Allocated)	22,330,735 (19.38%)	22,330,735 (16.80%)
ESOP Shares (Unallocated)	12,238,678 (10.62%)	17,539,430 (13.20%)
Offer Shares	789,474 (0.69%)	13,157,895 (9.90%)
Total Shares	115,231,377 (100.00%)	132,900,550 (100.00%)

Table 5 – Issued Capital of ENAUTIC following the offer (on a fully diluted basis)

2.9.2 Rights and Liabilities Associated with Securities

As at the date of this Offer, the only class of shares on issue are ordinary shares.

Set out below is a summary of the rights and liabilities associated with the securities in ENAUTIC. A copy of ENAUTIC's Constitution is available on the Intermediary's platform.

2.9.2.1 Ordinary Shares

The rights and liabilities associated with the ordinary shares are set out in ENAUTIC's constitution, including:

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Board has the power to refuse a transfer of shares to a third party (as set out in clause 13.15 of the Constitution).
- The Constitution includes a definition of "Eligible Member" which means a shareholder with at least 4% of the fully diluted share capital of ENAUTIC at the relevant time.
- The Eligible Member concept relates to:
    - Pre-emptive rights for Eligible Members in certain circumstances on share issues or transfer of shares
    - Pre-emptive rights for Eligible Members in certain circumstances on share transfers

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 below.

2.9.2.2 Employee Share Option Plan (ESOP)

Pursuant to clause 26.3 of the Constitution, ENAUTIC has implemented an employee share option plan (**ESOP**). The maximum number of combined shares and options that can be issued under the ESOP is 30% of the fully diluted capital of ENAUTIC. The allocation of 30% fully diluted capital to ESOP has allowed ENAUTIC to reward key staff and advisors in the absence of funds to pay competitive salaries. As at the date of this CSF Offer Document, ENAUTIC has issued and allocated a total of 15,109,930 shares and 7,220,805 unexercised options under ENAUTIC's existing ESOP.

The ESOP allows ENAUTIC to issue options or shares to key employees and contractors.

2.9.2.3 Shareholders Agreement

Other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of ENAUTIC.

2.9.3 Sources of Financing, including Debt Financing and Other Financing

To date, the business has been funded through a combination of equity, grants and loans.

2.9.3.1 Equity

To date, ENAUTIC has raised approximately $2.8M from staff, associates, angel investors and professional investors (see Balance Sheet in section 2.11.1).

2.9.3.2 Director Loan

Company Director Walter Brendon Westerhout pre-paid a $9,820.00 consideration for planned quarterly vesting ESOP share issues in Sept 2023. This amount appears in the FY2024 Balance Sheet. In August 2024, Mr Westerhout resigned his Directorship. As a result, the unissued shares have been forfeited and the unpaid consideration for these shares has been cleared. Therefore, although this loan was in place at end of the 2024 FY, when the financials were prepared, it is no longer in place. Therefore, it will not need to be repaid with funds raised under the Offer.

2.9.3.3 R&D Tax Incentive Financing Loans

R&DIUM CAPITAL Loan 1

As at the date of this Offer, ENAUTIC has the following Loan with R&DIUM CAPITAL secured against ENAUTICs expected R&D Tax Incentive payment. This loan will not be repaid with funds raised under the Offer.

- Description – R&D Tax Incentive financing loan
- Principal amount borrowed - $164,000.00
- Amount outstanding - $164,000.00
- Interest – 1.33% per month fixed
- Repayment date – Upon receipt of R&D Tax Incentive funds
- Security – Secured against ENAUTIC's R&D Tax Incentive payment for July to Nov 2023 (expected before end October 2024)

R&DIUM CAPITAL Loan 2

As at the date of this Offer, ENAUTIC has the following Loan with R&DIUM CAPITAL secured against ENAUTICs expected R&D Tax Incentive payment. Loan 2 does not appear in the FY2024 Balance Sheet as it was executed in FY2025. This loan will not be repaid with funds raised under the Offer.

- Description – R&D Tax Incentive financing loan
- Principal amount borrowed - $112,240.00
- Amount outstanding - $112,240.00
- Interest – 1.33% per month fixed
- Repayment date – Upon receipt of R&D Tax Incentive funds
- Security – Secured against ENAUTIC's R&D Tax Incentive payment for Dec 2023 to Apr 2024 (expected before end October 2024)

RON VAN BEEK

As at the date of this Offer, ENAUTIC has the following Loan with Ron Van Beek secured against ENAUTICs expected R&D Tax Incentive payment. This loan will not be repaid with funds raised under the Offer.

- Description – R&D Tax Incentive financing loan
- Principal amount borrowed - $50,000.00
- Amount outstanding - $50,000.00
- Interest - 2% per month fixed
- Repayment date – Upon receipt of R&D Tax Incentive funds
- Security – Secured against ENAUTIC's R&D Tax Incentive payment (expected before end October 2024)

2.9.3.4 Grant Funding

ENAUTIC has received approximately $40,000 in Western Australian State Government Innovation Booster Grant in FY2024.

2.10 Key Risks Facing the Business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Risk	Description
Funding risk	The Company is in the process of raising capital to fund its operations and growth. There is a risk that the Company may not be able to secure sufficient funding as required. In the event that the Company fails to raise the necessary capital on acceptable terms, or at all, it may have a material adverse effect on the Company's business operations, financial condition, and prospects. This could include the need to significantly reduce operating expenses, delay or abandon strategic initiatives and expansion plans, or cease operations entirely.
Competition risk	The Company operates in a highly competitive market, with several known competitors globally, and moderate barriers to entry that could give rise to new and unknown competitors. There is a risk that existing competitors as well as new competitors, will have greater access to capital, economies of scale, resources and distribution compared to the Company. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability and future prospects of the business.
Key person risk	As an early-stage business, the Company is susceptible to the loss of key team members as they are considered critical to the continued success of the Company. If a key team member was lost, due to illness for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives as the case may be.
Intellectual property risk	The protection of the Company's intellectual property is critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the market.
Ability to scale	If costs to achieve the Company's targeted revenue growth are more than estimated, the profitability of the Company may be reduced and/or the Company may have insufficient cash reserves to achieve its planned product rollout.
Warranty / Recall Risk	the Company is developing for market a new series of products. It is possible that certain features or components of the products will require recall or repair/replacement under warranty. The costs associated may substantially impact profitability and could even turn the Company into a loss-making enterprise.
Regulatory risk	There is no guarantee that we will receive all necessary regulatory approvals and we cannot predict with certainty the timelines for such approvals, or whether other requirements may be imposed by regulatory authorities (e.g. further requirements to prove the effectiveness of our product). The Company's products serve maritime and marine customers. There are a range of regulatory bodies that govern maritime and marine products. In many cases there is more than one relevant regulatory body within any one jurisdiction (Marine Class and Flag State for instance). These regulatory bodies vary from jurisdiction to jurisdiction both internationally and sometimes within countries, and also from project to project within the same jurisdiction. The performance and safety features required by this wide range of regulators cannot be predicted with certainty.

Table 6 – Key Risks Facing the Business

2.11 Financial Information

Below are the financial statements of ENAUTIC for the financial years ended 30 June 2023 and 30 June 2024 which have been prepared in accordance with the Australian Accounting Standards Board (AASB) standards. Management comment on the financials is presented in section 2.11.5.

2.11.1 Balance Sheet

ELECTRO NAUTIC PTY LTD
ABN 81 657 920 600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	30 June 2024 $	30 June 2023 $
Current assets		
Cash and cash equivalents	70,082	80,920
Trade receivables	3,311	7,384
Other receivables	1,143,844	34,429
Research and development tax incentive receivables	400,391	218,003
Total current assets	1,617,628	340,736
Non-current assets		
Property, plant and equipment	8,567	13,980
Intangible assets	49,741	6,588
Other assets	18,860	5,500
Total non-current assets	77,168	26,068
Total assets	1,694,796	366,804
Current liabilities		
Trade payables	87,469	90,775
Other payables	62,637	23,532
Total current liabilities	150,106	114,307
Non-current liabilities		
Borrowings	223,820	-
Total non-current liabilities	223,820	-
Total liabilities	373,926	114,307
Net assets	1,320,870	252,497
Equity		
Share capital	2,823,847	768,988
Accumulated losses	(1,502,977)	(516,491)
Total equity	1,320,870	252,497

Table 7 – Statement of Financial Position (Balance Sheet)

2.11.2 Profit and Loss Statement

ELECTRO NAUTIC PTY LTD
ABN 81 657 920 600

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024 $	30 June 2023 $
Revenue		
Turnover	(15,704)	35,250
Gain on disposal of property, plant and equipment	1,128	99
Research and development tax incentive	400,391	218,003
Other Income	13,231	31,500
Total income	399,046	284,852
Less: expenses		
Professional fees	(137,342)	(20,404)
Advertising and marketing expenses	(49,634)	(13,055)
Depreciation and amortisation	(12,853)	(11,883)
Rental expenses	(44,247)	(32,860)
Employee benefits	(729,925)	(288,987)
Research and development expenses	(304,390)	(299,756)
Administration expenses	(83,340)	(46,373)
Other expenses	(23,801)	(10,752)
	(1,385,532)	(724,070)
Loss before income tax expenses	(986,486)	(439,218)
Income tax benefits	-	-
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(986,486)	(439,218)

Table 8 – Statement of Profit and Loss

2.11.3 Cash Flow Statement

ELECTRO NAUTIC PTY LTD
ABN 81 657 920 600

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024 $	30 June 2023 $
Cash flow from operating activities		
Receipts from customers	-	27,866
Payments to suppliers and employees	(1,224,234)	(522,934)
Interest paid	(2,458)	(2,083)
Net cash provided by / (used in) operating activities	**(1,226,692)**	**(497,151)**
Cash flow from investing activities		
Proceed from sales of property, plant and equipment	3,259	2,710
Purchase of property, plant and equipment	(9,238)	(21,075)
Purchase of trademark and patents	(43,486)	(6,001)
Purchase of other assets	(13,360)	-
Net cash provided by / (used in) investing activities	**(62,825)**	**(24,366)**
Cash flow from financing activities		
Repayments of borrowings	-	(50,417)
Addition of borrowings	223,820	-
Issuance of shares	1,054,859	597,384
Net cash provided by / (used in) financing activities	**1,278,679**	**546,967**
Reconciliation of cash		
Cash at beginning of the financial year	80,920	55,470
Net increase / (decrease) in cash held	(10,838)	25,450
Cash at end of financial year	**70,082**	**80,920**

Table 9 – Statement of Cashflows

2.11.4 Statement of Changes in Equity

ELECTRO NAUTIC PTY LTD
ABN 81 657 920 600

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share equity $	Accumulated losses $	Total equity $
Balance as at 1 July 2022	171,604	(77,273)	94,331
Loss for the year	-	(439,218)	(439,218)
Total comprehensive loss for the year	-	(439,218)	(439,218)
Transactions with owners in their capacity as owners:			
Issuance of shares (note 14)	597,384	-	597,384
Sub-total	597,384	-	597,384
Balance as at 30 June 2023	768,988	(516,491)	252,497
Balance as at 1 July 2023	768,988	(516,491)	252,497
Loss for the year	-	(986,486)	(986,486)
Total comprehensive loss for the year	-	(986,486)	(986,486)
Transactions with owners in their capacity as owners:			
Issuance of shares (note 14)	2,054,859	-	2,054,859
Sub-total	2,054,859	-	2,054,859
Balance as at 30 June 2024	2,823,847	(1,502,977)	1,320,870

Table 10 – Statement of Changes in Equity

2.11.5 Management Comments on Financial Statements

Research and Development (R&D) Expenditure and Incentives: This FY2024, ENAUTIC doubled its R&D tax incentive due to increased expenditures in research and development of the Beta. The strategic decision to enhance R&D efforts aligns with the company's long-term goals to maintain technological leadership and secure a competitive advantage.

Professional Fees: A significant rise in professional fees was noted, primarily due to engagements with external consultants and engineering experts. These professionals were crucial for integrating advanced technologies and optimising production processes, investments that are expected to yield long-term efficiency gains and strengthen the Company's market position.

Employee Benefits: Employee benefit costs increased significantly, driven by the hiring of a new CEO, team expansion, and a higher superannuation rate. This is part of the Company's strategy to attract and retain top-tier talent, essential for driving future growth initiatives.

Administrative Fees and Other Expenses: Administrative and other operational expenses nearly doubled due to the expansion of business activities and scaling of administrative infrastructure, which is in line with the increased R&D activities. These expenses support the growth in company size and complexity, including IT system upgrades and facility enhancements.

Receivables: The 'Other Receivables' category saw a significant increase this year, mainly from $1.1 million in outstanding share capital receivables at year-end. Of this, $120,000 has been collected pre-30 June 2024, resulting in fully paid share issue. With $980,000 still outstanding as at 30 June 2024. Un-paid shares were issued. The Board is comfortable that the outstanding amounts will be paid. These figures reflect our equity financing activities.

Borrowings: Borrowings increased due to R&D loans from Radium Capital and Ron van Beek, secured against 80% of expected R&D Tax Incentive scheme payments, with an interest rate of 15-24%. This arrangement enhances the Company's liquidity, enabling continuous innovation investment supporting intellectual property and competitive advantage development.

Intangible Assets: A notable increase in intangible assets was primarily due to significant efforts and investments in securing trademarks and patents. These investments in intellectual property are expected to protect existing products and services and support the development of new offerings.

The financial movements this year are largely strategic investments aimed at enhancing the Company's operational capabilities and market position for long-term growth. ENAUTIC's commitment to prudent financial management and strategic resource allocation is designed to ensure sustainable growth and enhance shareholder value.

2.11.6 Management Comments on Historical Performance and Outlook

ENAUTIC is pre-revenue. ENAUTIC is holding approximately A$20,000.00 in deposits paid as approximately 160 reservations for the future purchase of WaveFlyer VOLARÉ craft. These payments sit in 'Other payables' and are held for potential future repayment.

Expenses to date have focused on the technical development of prototype WaveFlyer VOLARE craft (alpha and beta), intellectual property protection, and operational expenses. Limited funds have been expended to date on marketing activities, and this is expected to increase post-raise.

Feedback from our reservation holders has provided us with valuable insights into the technical features and price sensitivity of the market. This information has been used in planning the development and release of WaveFlyer models to ensure that features and price point align with our understanding of market demand. The development of this product is a key focus of the use of funds raised.

Planned investment in design for manufacture is targeted at minimising the cost and schedule of manufacture, as well as optimising the serviceability of the craft.

With the funds raised under the CSF Offer, we plan to continue to invest in our R&D and marketing functions as we transition into selling across Australia and internationally. While we continue to scale the business, we do not expect to be profitable in the short-term.

Once the re creational product range is ready for large batch manufacture, we will add focus to the large commercial and military vessel applications opportunities.

Pricing of products is based on 50% Gross Profit plus a 20% discount for distributers. It is intended that 20% of COGS will be held over from the profit to cover potential warranty costs.

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by ENAUTIC and has not been validated by an independent third party.

3 Information About the Offer

3.1 Terms of the Offer

ENAUTIC is offering up to 13,157,895 shares at an issue price of $0.19 per share to raise up to $2,500,000. The key terms and conditions of the Offer are set out below.

Term	**Details**
Shares	Fully-paid ordinary shares
Price	$0.19 per share
Minimum Subscription	$150,000.00
Maximum Subscription	$2,500,000.00
Opening date	18th September 2024
Closing date	3rd October 2024

Table 11 - Terms of the Offer

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Retail investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4.1 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

3.2 Use of Funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Intended use	Minimum Subscription	Maximum Subscription
R&D and Engineering	$0.00	$1,297,000.00
Marketing	$25,000.00	$200,000.00
Operational Costs	$110,000.00	$800,000.00
Offer costs	$15,000.00	$203,000.00
Total	$150,000.00	$2,500,000.00

Table 12 – Use of Funds

Operational costs include fixed overheads (rent, insurance etc) and administration costs.

Marketing costs include digital costs (website, and digital marketing), marketing travel, trade show expenses, marketing assets (brochures etc).

R&D costs include non-recurring engineering for manufacture costs, new product development, and intellectual property development and protection.

The Offer costs include the Intermediary's fees under the hosting agreement between ENAUTIC and the Intermediary. These fees include up to 7.5% of all approved investments through Birchal Financial Services Pty Ltd (Intermediary) plus 0.5% of approved investments, payable to marketing agency Glide. The Offer costs are exclusive of GST.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

We expect that the Maximum Subscription amount will be sufficient to meet ENAUTIC's short-term objectives over the next 12 months.

ENAUTIC plans to raise a Series A capital funding round within the next 12 months to allow the company to address the larger commercial vessel market for electric hydrofoil technology. This raise will be focused in the US market.

If this CSF Offer is unsuccessful, ENAUTIC will require further funding to be able to carry out its intended activities over the next 6-12 months. In such circumstances ENAUTIC may consider alternative sources of funding, such as undertaking a further CSF offer under the CSF regime or other debt or equity funding. Until additional funding is obtained, we will limit production costs and continue to focus our cash reserves on marketing, capital raising and intellectual property development.

3.3 Rights Associated with the Shares

Immediately after issue, the shares under this Offer will be fully paid ordinary shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in ENAUTIC's constitution. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

3.3.1 Voting rights

In respect of any shareholder decision, each shareholder has one vote on a show of hands and, on a poll, one vote for each fully paid share held.

As discussed below, shareholders will not be entitled to vote on some important decisions of ENAUTIC (for example, those matters which are reserved for resolution by the board of directors of ENAUTIC).

3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by ENAUTIC. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless ENAUTIC's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice ENAUTIC's ability to pay its creditors).

At this stage, ENAUTIC has not implemented a formal dividend policy.

3.3.3 General meetings and notices

Clause 22.1 of the Constitution sets out when and how general meetings may be called.

- Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares.
- Shareholders may requisition the holding of a general meeting in accordance with the Corporations Act 2001.

Shareholders must be given notice of any meetings in the manner contemplated by clause 22.2 of the Constitution.

3.3.4 Election and removal of directors

ENAUTIC must have at least two directors and no more than five directors (unless otherwise determined in accordance with the Constitution).

Pursuant to clause 25.5 of the Constitution:

- Shareholders by ordinary resolution may vote to elect and remove some of the directors of ENAUTIC and pursuant to clause; and
- Directors by ordinary resolution may vote to elect and remove some of the directors of ENAUTIC and pursuant to clause

In addition to the above, the following shareholders have special powers to appoint and remove directors of ENAUTIC:

- Pursuant to clause 25.3 of the Constitution, each Key Shareholder (being a member with 25% or more of the shares) may appoint a director; and
- Pursuant to clause 25.2 of the Constitution, each Major Member (being each Member other than a Key Shareholder that holds at least 20% of the shares) may appoint a director.

3.3.5 Winding-up

If ENAUTIC is wound up and there are any assets left over after all ENAUTIC's debts have been paid, the surplus is distributed to shareholders after secured and unsecured creditors of ENAUTIC. Unless ENAUTIC issues preference shares in the future, holders of fully-paid ordinary voting shares rank ahead other classes of shares (if any).

3.3.6 Restrictions on sale and transfer

3.3.6.1 Drag along and tag along rights

The Constitution contains drag and tag-along rights, as follows:

- Drag rights - Pursuant to clause 15 of the Constitution, where shareholders holding at least 66% of the issued share capital of ENAUTIC (Majority Sellers) receive an offer from a third party to acquire all of the issued shares in ENAUTIC, the Majority Sellers may require all other shareholders to sell their shares to that third party (or to another Eligible Member, if the Board implements an Alternate Offer Process pursuant to clause 15.3 of the Constitution). The availability of this right is subject to the Corporations Act.
- Tag rights - where the transfer by a shareholder (or group of shareholders) would result in a third party acquiring at least 60% of the issued share capital in ENAUTIC, then shareholders (other than those who intend to sell to that third party) will have the right to tag along to the transfer in accordance with clause 14 of the Constitution.

3.3.6.2 Pre-emptive rights on transfer

Except in the case of Permitted Transfers (as described in the Constitution) and other permissible disposals (such as pursuant to a drag along, tag along event or the minor parcel transfer process), shareholders wishing to sell shares must first offer those shares to Eligible Members (as defined in the Constitution) before those shares can be sold to third parties.

Where a proposed sale is in respect of a parcel of shares which equates to less than 0.5% of the total number of shares on issue in ENAUTIC at the relevant time, the Board may offer the relevant shares to any existing shareholder or third party without the need to comply with the pre-emptive rights process set out in clause 13 of the Constitution.

3.3.6.3 Discretion to refuse to register a transfer of shares

The Board may from time-to-time may refuse to register a transfer of shares. Details of the Board's power to do so are set out in clause 13.15 of the Constitution. This includes the power to refuse any proposed transfers that do not comply with the terms of the Constitution (see clause 13.15(a)(v) of the Constitution).

Additionally, if a sale or disposal would result in ENAUTIC having to issue a disclosure document or a product disclosure statement under Chapter 6D or Chapter 7 respectively of the Corporations Act, the sale may only occur in accordance with clause 12.5 of the Constitution.

3.3.6.4 On-sale restrictions under the Corporations Act

Shares acquired under the Offer may not be on-sold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

3.3.7 Pre-emptive rights / anti-dilution on issue of shares

ENAUTIC may only issue new securities (including shares) in accordance with the Constitution.

Under clause 5 of the Constitution, where ENAUTIC wishes to issue new securities in ENAUTIC, other than in the case of certain Excluded Issues (as described in the Constitution), ENAUTIC must first offer the new securities to any existing Eligible Members (as described in the Constitution).

3.3.8 Amendments to the Constitution

To vary the Constitution or adopt a new constitution, ENAUTIC must pass a special resolution at a general meeting. At least 75% of the voting members of ENAUTIC must vote in favour of the resolution for it to pass.

3.3.9 Other Key Rights/Obligations

3.3.9.1 Decision making

Under the Constitution, the directors of ENAUTIC have significant decision-making power with respect to the business of ENAUTIC. In many cases where decisions are reserved for resolution by the directors of ENAUTIC under the Constitution, shareholders will not have the opportunity or ability to vote.

Under the Constitution, decisions or actions are categorised into 4 categories:

- those that require an Ordinary Resolution (as described in the Constitution) of Directors;
- those that require a Special Resolution (as described in the Constitution) of Directors;
- those that require an Ordinary Resolution (as described in the Constitution) of shareholders; and
- those that require a Special Resolution (as described in the Constitution) of Directors

3.3.9.2 Board observers

Under clause 25.8 of the Constitution, the Board also has powers to nominate Observers who may attend meetings of directors but not vote.

3.3.9.3 Shares in lieu of payment

Pursuant to clause 26.4 of the Constitution, the Directors of ENAUTIC are empowered to, in lieu of payment, issue shares equating to up to 2% of the share capital of ENAUTIC per annum. Any such decision requires a Special Resolution of Directors (as described in the Constitution).

3.3.9.4 Defaulting shareholders

If an Event of Default (as that term is defined in clause 1.1 of the Constitution) occurs, the defaulting shareholder may be required to sell its shares in accordance with the process set out in clause 18 of the Constitution. A discount of 20% will apply to a forced sale triggered by the occurrence of most but not all Events of Default.

3.3.9.5 Competition Restriction

Clause 34 of the Constitution sets out a range of Restricted Activities (as described in the Constitution) which must not be undertaken by shareholders. These include obligations not to compete with ENAUTIC, not to solicit customers of ENAUTIC and not to interfere with the relationships between ENAUTIC and its employees, contractors, suppliers or customers.

Professional investors (as that term is defined in clause 34.9 of the Constitution) and shareholders who do not hold 2.5% of the fully diluted share capital will not be subject to the non-compete. All other shareholders are subject to the Competition Restriction (subject to certain exceptions specified in clause 34.8 of the Constitution). The ENAUTIC Board has elected to release some early key shareholders from Clause 34.

A full description of the Competition Restriction and other Restricted Activities is set out in clause 34 of the Constitution.

3.4 What Can I Do with My Shares?

Shares in ENAUTIC are considered illiquid as they cannot easily be transferred or sold.

However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in ENAUTIC. These include:

- A trade purchase of ENAUTIC
- A listing on a registered stock exchange (for example the ASX)
- A private equity investment in ENAUTIC
- A share buy-back by ENAUTIC
- There is no guarantee that any of the exit options will eventuate.

4 Information About Investor Rights

4.1 Cooling-off Rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in ENAUTIC), you must do so within five business days of making your application (**Cooling-off Period**).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Communication Facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with ENAUTIC and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. ENAUTIC and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of ENAUTIC, and related parties or associates of ENAUTIC or the Intermediary, may participate in the facility and must clearly disclose their relationship to ENAUTIC and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

4.3 Proprietary Company Corporate Governance Obligations

4.3.1 Annual Report

While ENAUTIC is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). ENAUTIC has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that ENAUTIC's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of ENAUTIC's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of ENAUTIC's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than $3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

4.3.2 Distribution of Annual Report

ENAUTIC is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on ENAUTIC's website at the following address www.enautic.co (free of charge) or can purchase the report from ASIC.

4.3.3 Related Party Transactions

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to ENAUTIC (for so long as we continue to have CSF shareholders). This means that ENAUTIC is required to obtain shareholder approval before giving financial benefits to related parties of ENAUTIC (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to ENAUTIC in a very limited way. If someone wants to buy more than 20% of the voting shares in ENAUTIC, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of ENAUTIC without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of ENAUTIC. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to ENAUTIC. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of ENAUTIC.

4.4 Company Updates

ENAUTIC will provide regular updates to investors on ENAUTIC's website at the following address www.enautic.co via ENAUTIC's share registry website at the following address www.cakeequity.com and via the Intermediary's platform.

5 Glossary

Company means Electro Nautic Pty Ltd ACN 657 920 600

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which a retail investor has a right to withdraw their application and be repaid their application money

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act

ENAUTIC means Electro Nautic Pty Ltd ACN 657 920 600

Intermediary means Birchal Financial Services Pty Ltd ACN 621 812 646 AFSL 502618

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription is subject to rounding based on the share price of the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription is subject to rounding based on the share price of the Offer.

Offer means an offer of fully-paid ordinary shares by ENAUTIC under this CSF offer document

R&D Tax Incentive is the Research and Development Tax Incentive managed by AusIndustry for the Commonwealth of Australia Government that helps companies innovate and grow by offsetting some of the costs of eligible research and development (R&D).

Retail investor has the meaning given to the term "retail client" under the Corporations Act