

Update on Aqua Metro Acquisition

25 September 2025

Background

Saunders International Limited (ASX:SND) (**Saunders**) refers to its announcement on 15 July 2025 regarding its entry into a share sale agreement (**Share Sale Agreement**) to acquire 100% of the issued shares in Aqua Metro Pty Ltd and its associated entities (**Aqua Metro**).

Saunders is pleased to announce that the parties have now made substantial progress on satisfying the conditions to completion and are currently targeting completion in early October 2025.

As previously announced, the total purchase price under the Share Sale Agreement is up to \$30.0 million, payable as follows:

- an initial payment of \$18.0 million payable on completion, comprising \$11.0 million in cash and \$7.0 million in Saunders shares (**Initial Consideration Shares**); and
- a potential second instalment based on Aqua Metro's financial performance during an earn-out period ending on 30 June 2026, comprising up to \$7.0 million in cash and up to \$5.0 million in Saunders shares (**Earn-Out Consideration Shares**), if the earn-out target is achieved in full.

Shareholder approvals at 2025 Annual General Meeting

Saunders will be seeking the approval of its shareholders at its forthcoming 2025 Annual General Meeting (**AGM**) of various resolutions relating to the acquisition of Aqua Metro. This will include a resolution seeking approval for the issue to the Aqua Metro vendors of that number of Initial Consideration Shares and Earn-Out Consideration Shares exceeding Saunders 15% placement capacity under Listing Rule 7.1. This approval will be sought under Listing Rule 7.2 (Exception 17).

The AGM will be held in mid-November and a separate notice with the confirmed date will be issued in due course. This will allow sufficient time for completion of the Aqua Metro acquisition, as well as for finalising and dispatching the notice of meeting and explanatory statement (which need to first be reviewed by ASX and then provided to shareholders with the requisite period of notice).

Further information in relation to the Aqua Metro related shareholder resolutions will be set out in the notice of meeting and explanatory statement for Saunders' forthcoming AGM. These meeting materials are expected to be released on the ASX company announcement platform and dispatched to shareholders around mid-October 2025.

ASX Listing Rule 7.3.4 waiver

Listing Rule 7.3.4 provides that, for the holders of ordinary securities to approve an issue or agreement to issue new securities under Listing Rule 7.1, the notice of general meeting must include the date or dates on or by which the entity will issue those securities, which must be no later than 3 months after the date of the general meeting.

Saunders is pleased to announce that, based solely on the information provided by Saunders to ASX, ASX has granted a waiver from Listing Rule 7.3.4 to the extent necessary to permit Saunders to issue the Earn-Out Consideration Shares more than three months from the date of Saunders' forthcoming 2025 AGM. As noted above, at the AGM, shareholders will be asked (among other resolutions) to consider and vote on a resolution to approve the issue of the Earn-Out Consideration Shares, as the agreement to issue those shares is outside Saunders' 15% placement capacity under Listing Rule 7.1.

The waiver was sought as it will not be known within three months of the forthcoming AGM whether the earn-out criteria have been met, as the earn-out period ends on 30 June 2026. If shareholders approve the issue of the Earn-Out Consideration Shares at the AGM, the grant of this waiver means that Saunders can defer the issue of those shares until the earn-out period has concluded and the relevant earn-out calculations are completed, which is expected to be around December 2026.

For the purpose of the Listing Rule 7.3.4 waiver, a floor price for calculating the maximum number of Earn-Out Consideration Shares that could be issued to the Aqua Metro vendors is required to provide certainty for Saunders' shareholders on the maximum potential dilutive impact that the future issue of those shares could have. The Share Sale Agreement does not include a floor price for calculating the maximum number of Earn-Out Consideration Shares. Instead, the issue price of the Earn-Out Consideration Shares (and in turn the number of Earn-Out Consideration Shares to be issued) will be calculated based on the 30-day VWAP as at the earn-out payment date.

Nevertheless, for the purposes of the Listing Rule 7.3.4 waiver application process, a notional floor price of \$0.65 per share was provided to ASX, being the low end of Saunders' share price range over the preceding 12 months. If the earn-out targets are achieved in full, and the full \$5.0 million worth of Earn-Out Consideration Shares are issued to the Aqua Metro vendors, the maximum number of Saunders shares to be issued will be capped at 7,692,308 (being \$5.0 million divided by the notional floor price of \$0.65 per share).

If the 30-day VWAP as at the earn-out payment date is lower than the notional floor price of \$0.65 per share, Saunders will issue the Aqua Metro vendors this maximum of 7,692,308 shares, with the balance of the \$5.0 million worth of Earn-Out Consideration Shares to be paid in cash. Alternatively, Saunders will separately seek shareholder approval at its 2026 AGM to issue the balance in new shares.

Conversely, if the 30-day VWAP as at the earn-out payment date is higher than the notional floor price of \$0.65 per share, the maximum number of Earn-Out Consideration Shares to be issued to the vendors will be commensurately less than 7,692,308.

The explanatory statement accompanying the 2025 Notice of AGM will include a table with a broad range of alternative potential issue prices for the Earn-Out Consideration Shares (with the low end being \$0.65 per share) and the corresponding maximum number of Earn-Out Consideration Shares calculated based on each of these alternative issue prices. In all cases, as the explanatory statement for the forthcoming AGM will make clear, irrespective of the prevailing Saunders' share price at the earn-out calculation date (expected to be December 2026), the maximum number of Saunders shares to be issued will be capped at 7,692,308 (being \$5.0 million divided by the notional floor price of \$0.65 per share).

The terms of the waiver are set out below.

Waiver Decision

1. Based solely on the information provided, ASX Limited ('ASX') grants Saunders International Limited (the 'Entity') a waiver from Listing Rule 7.3.4 to the extent necessary to permit the Entity in its notice of meeting ('Notice') seeking shareholder approval for the issue of up to 7,692,308 deferred consideration shares ('Earn-Out Consideration Shares') to Aqua Metro Pty Ltd, not to state the securities will be issued no later than 3 months from the date of the shareholder meeting, on the following conditions.
 - 1.1 The Earn-Out Consideration Shares are issued upon achieving the applicable milestone, and in any event, no later than 12 December 2026;
 - 1.2 the maximum Earn-Out Consideration Shares is capped at 7,692,308 fully paid ordinary shares;
 - 1.3 the material terms of the Earn-Out Consideration Shares are fully and clearly set out in the Notice, including the relevant milestone;
 - 1.4 details regarding the dilutive effect of the Earn-Out Consideration Shares on the Entity's capital structure is included in the Notice to ASX's satisfaction;
 - 1.5 the terms of the waiver are clearly disclosed in the Notice of meeting to ASX's satisfaction;
 - 1.6 if the milestone is achieved, the achievement of that milestone and the basis on which the Entity's directors determined that the milestone has been achieved is announced to the market, along with the number of Earn-Out Consideration Shares issued; and
 - 1.7 for any annual reporting period during which any Earn-Out Consideration Shares have been issued or any of them remain to be issued, the Entity's annual report sets out the number of Earn-Out Consideration Shares issued in that annual reporting period, the number of Earn-Out Shares that remain to be issued and the basis on which the Earn-Out Consideration Shares may be issued.

About Saunders International Limited

Saunders International Limited (ASX: SND) is a multidisciplinary Australian company providing engineering, construction and industrial asset services across the complete asset lifecycle. Saunders specialises in bulk liquid storage and transfer, structural, mechanical and piping (SMP), industrial automation and electrical, civil infrastructure and industrial asset services. We serve clients across the Defence & Government, Energy, Water, Resources and Industrials sectors. For more information, visit www.saundersint.com.

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This announcement was authorised for release by the Board of Saunders International Limited.