

3 April 2025

Tasmea Limited Announces Strategic Acquisition of Flanco Group: Opportunity to add a specialist business with a strong presence in the Goldfields

Investment Highlights

- **Tasmea Limited** ("Tasmea", ASX: TEA) **to acquire Flanco Pty Ltd and Flanco Kalgoorlie Pty Ltd** ("Flanco Group"), for an upfront consideration of approximately A\$27 million after estimated purchase price adjustments. The acquisition is expected to deliver more than the acquisition base of **maintainable EBIT of A\$10.2 million** under Tasmea's ownership. The vendors have an opportunity to earn a total consideration of approximately A\$50 million, subject to achieving an **earn-out overperformance EBIT of A\$16.2 million** per annum for four consecutive years under Tasmea's ownership.
- **The acquisition is expected to be highly Earnings per Share accretive** (base case of **2.7 cents per share** or approximately **12% accretive**), enhancing shareholder value and reflecting the strong financial performance projected under Tasmea's ownership.
- **Flanco Group diversifies and deepens Tasmea's offering in high-demand specialist civil and mining services** such as precast concrete, earthwork, formwork, concrete and reinforcement, civil maintenance, asset remediation, constructability advice and project management.
- **Expands Tasmea's national footprint**, with Flanco's operations spanning nationally working in all mainland states including WA, QLD, SA, NT, NSW and VIC - aligning with long-term infrastructure and economic development priorities, particularly in the Kalgoorlie-Boulder Goldfields region.
- **Synergistic benefits with existing Tasmea subsidiaries** including North West Mining & Civil, Dingo Concrete Services, Tasman Power, Tasman Rope Access, Future Engineering Group and M&B Civil to drive immediate operational efficiencies, with opportunities to collaborate and cross-sell Tasmea's specialist maintenance services to a new suite of customers initially targeting the WA Goldfields.
- **Provides additional equipment for remote specialist concrete services** (e.g. concrete batching plants).

Summary of Acquisition

Tasmea is pleased to announce that it has executed a Share Purchase Agreement with the shareholders of Flanco Group to acquire 100% of the issued capital in Flanco Pty Ltd and Flanco Kalgoorlie Pty Ltd. Completion is expected to occur in early May 2025.

Flanco Group specialises in delivering civil services and maintenance solutions to mining and infrastructure clients, including:

- precast concrete;
- earthwork;
- formwork;
- concrete and reinforcement;
- civil maintenance;
- asset remediation;
- constructability advice; and
- project management.

Flanco Group operates predominantly across Western Australia but has also recently undertaken projects in Queensland, Northern Territory, New South Wales, and South Australia.

Flanco Group has consistently achieved strong revenue and earnings growth with revenue compound annual growth rate ("CAGR") of c.23% between FY21 and FY24. This has been sustained by the implementation of strategic growth plans, Flanco Group's valued customer relationships and its reputation in the market as a highly reliable specialist service provider.

All three Flanco Working Directors, Jason Flannery, David Cooper and Troy Moller have extensive experience and a reputation for delivering a highly reputable product in the civil industry. All three have agreed to stay on in their current roles continuing a very capable leadership team. The three Flanco Working Directors have committed to long term executive agreements to continue to grow the business and support the cross-selling of Tasmea specialist maintenance services to Flanco Group's existing customers.

The purchase consideration consists of the following elements:

1. upfront cash payment of approximately A\$21 million after purchase price adjustments;
 2. the issue of A\$6.0 million in Tasmea shares (1,714,286 escrowed shares at an issue price of A\$3.50 per share, which has been guaranteed at the time the shares are released from escrow after 30 April 2026);
 3. deferred annual earn out cash payments of up to A\$6.6 million for the first three years and up to \$3.6 million for the fourth year (i.e. up to A\$23.4 million in total) for the trailing twelve months ("TTM") to March 2026, TTM March 2027, TTM March 2028 and TTM March 2029, based on Flanco Group achieving up to A\$16.2 million EBIT within Tasmea in each given TTM, comprised of;
 - a. *Base earn out* - up to A\$3 million each TTM for achieving A\$10.2 million EBIT under Tasmea's ownership, reduced A\$1 for A\$1 for EBIT below A\$10.2 million for the three periods TTM to March 2026, TTM March 2027 and TTM March 2028; plus
 - b. *Uplift earn out* - up to A\$3.6 million each TTM, being A\$0.60 for every A\$1 above A\$10.2 million EBIT and up to A\$16.2 million EBIT under Tasmea's ownership for the four periods TTM March 2026, TTM March 2027, TTM March 2028 and TTM March 2029.
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4. four annual overperformance payments for the periods TTM March 2026, TTM March 2027, TTM March 2028 and TTM March 2029, calculated as 15% of the amount by which EBIT is greater than A\$16.2 million in each given period under Tasmea's ownership.

The acquisition is expected to be highly Earnings per Share accretive (base case of **2.7 cents per share** or approximately **12% accretive**), enhancing shareholder value and reflecting the strong financial performance projected under Tasmea's ownership.

The acquisition is to be funded from a new A\$24 million bank facility, the issue of Tasmea scrip and deferred earn out payments and overperformance payments being funded from future cash profits generated by Flanco Group.

Tasmea's debt repayment plan forecast is for the leverage ratio to return within target range of net debt to EBITDA ratio of c.1.0x by 31 December 2025, given the strong predictive cash flows generated from Tasmea's specialist businesses.

Strategic rationale driven by revenue synergies

The acquisition presents numerous synergies, including:

- **Strategic expansion into Kalgoorlie-Boulder Goldfields region**, strengthening Tasmea's footprint in one of Australia's most active mining hubs.
- **Strong cultural alignment**, with both organisations operating as hands-on, owner-led businesses that prioritise safety, reliability, and long-term customer partnerships.
- **Opportunity to introduce Tasmea's broader suite of specialist maintenance and trade services** to Flanco Group's loyal and high-repeat customer base, leveraging Flanco Group's strong market reputation and trusted client relationships, particularly in the WA Goldfields, where Tasmea's existing presence is relatively light.
- **Enhancement of Tasmea's project delivery capabilities**, with Flanco Group's specialised equipment, workforce and systems extending the combined group's civil and infrastructure service offering.
- **Improved operational and asset utilisation efficiencies**, as Flanco Group's fleet and project delivery teams integrate into Tasmea's national operations, driving better deployment of plant, equipment, and labour across the Group.
- **Reinforces Tasmea's strategy to partner with well-regarded, high-performing businesses**, accelerating growth through collaboration, diversification, and deepened service capability in core sectors.

Comments from Management:

Stephen Young, Managing Director of Tasmea Limited, commented "We are delighted to welcome Flanco Group into the Tasmea family. Flanco is a high-performing business, with deep roots in key regional markets, particularly the Kalgoorlie-Boulder Goldfields, and a strong reputation for reliability and project delivery. Importantly their key values align with Tasmea's and I am confident they will integrate successfully into the Tasmea Group. Flanco's specialised capabilities and customer-first approach match perfectly with Tasmea's culture and strategic vision. This acquisition not only strengthens our national footprint but also unlocks exciting opportunities to collaborate, share expertise, and deliver even greater value to our clients across the civil, infrastructure and mining sectors."

Jason Flannery, David Cooper and Troy Moller, of the Flanco Group, said “Joining forces with Tasmea marks an exciting new chapter for Flanco Group. From our earliest conversations, it was clear there was strong cultural alignment, both businesses are built on a foundation of safety, reliability, and long-term partnerships, and delivering value for our customers. Tasmea’s reputation as a trusted operator with a genuine commitment to supporting its subsidiaries gives us great confidence in our future together. With the added corporate support and the national network of Tasmea behind us, we are well positioned to accelerate our growth, deepen our capabilities, and continue delivering exceptional outcomes for our clients.”

For further information, please contact:

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This announcement was authorised for release by Stephen Young on behalf of the Board of Tasmea Limited.

About Tasmea Limited:

Tasmea owns and operates 23 inter-dependent leading Australian diversified specialist trade skill services businesses focused on essential shutdown, programmed maintenance, emergency breakdown, and brownfield upgrade services of fixed plant for a blue-chip essential asset owner customer base. Tasmea provides outsourced specialist maintenance to fixed plant for essential industry asset owners in six growing industry sectors: mining and resources, oil and gas, defence, infrastructure and facilities, power and renewable energy, telecommunications, and retail, waste and water.

About Flanco Group:

Flanco Group is a WA-based civil and maintenance services provider with offices in Perth and Kalgoorlie, specialising in precast concrete installation, structural remediation, earthwork, formwork, concrete and reinforcement, civil maintenance, asset remediation, constructability advice and project management. The Group offers a full suite of services including cost estimating, constructability advice and project management to clients across the mining and infrastructure sectors. Operating throughout WA and into other states, Flanco is known for its commitment to safety, innovation, and delivering high-quality outcomes in challenging environments. With a proven track record and deep regional expertise, Flanco continues to support Australia’s critical infrastructure and resource industries.
