

ASX Announcement

3 June 2022

PEOPLEIN TO ACQUIRE SHARES IN FOOD INDUSTRY PEOPLE, A LEADING PALM WORKFORCE SOLUTIONS BUSINESS

- Highly complementary workforce solutions business specialising in staffing solutions to the food and agricultural sector at scale (~4,500 workers)
- Address critical labour shortages in Australia through the attraction, onshoring and employment at scale of workers from the Pacific Islands, under the Pacific Australia Labour Mobility (PALM) Scheme
- Expected annualised proforma EBITDA contribution of ~\$9.5m and earnings per share accretion of approximately +15% in FY23
- Upfront consideration of \$45m (\$35m cash and \$10m PPE shares¹) representing a multiple of 4.7x pro forma EBITDA for FY23. A further \$25m may be payable as deferred cash consideration over two tranches based on the business achieving agreed growth in EBITDA for FY23 and FY24
- Management team to remain with the business and invested in future growth.

PeopleiN Limited ASX:PPE (**PeopleiN**) is pleased to announce that it has entered into an agreement to acquire 100% of the shares in FIP Group Holdings Pty Ltd (**FIP**).

FIP is a workforce solutions business that is one of the largest providers of staff to the food sector in Australia. It employs a significant number of these workers under the PALM Scheme.

PeopleiN's Chief Executive Officer, Mr. Ross Thompson said *"PeopleiN has acquired an at scale international recruitment engine room to be leveraged by our defensive growth sectors, including food services, healthcare and aged care. Our investment via the PALM Scheme will help solve the significant employee shortages faced by our clients, and the broader market, by bringing in workforces at scale."*

FIP was established in 2006 and has grown to be a national leader in workforce solutions under the PALM Scheme, with ~4,500 people in work. FIP workers are employed on a fixed term basis for the duration of their visas (typically 3 – 4 years) and are assigned directly to a host employer for the duration of their stay. As part of its responsibilities as an employer, FIP provides a dedicated pastoral care program which includes providing workers with access to accommodation, transport, healthcare and connecting workers with local community services, churches and sporting clubs. The food supply chain is essential and despite the challenges experienced during the COVID-19 pandemic, global food supply chains demonstrated remarkable resilience in the face of disruptions². Furthermore, the

¹ 3,058,104 of PeopleiN ordinary shares will be issued from existing LR 7.1 capacity, at an issue price of \$3.27, being the Volume Weighted Average Price for PeopleiN shares in the 10 consecutive trading days prior to Execution. The shares are subject to voluntary escrow for six months after Completion.

² OECD Policy Responses to Coronavirus – Food Supply Chains and COVID-19

outlook for the Australian food sector is strong due to new and ongoing free trade agreements driving growth in exports. In addition, economic recovery from the COVID-19 pandemic is forecast to boost demand for Australian food from international markets over the next five years³.

The PALM Scheme helps fill labour gaps in rural and regional Australia by offering approved employers access to a pool of reliable, productive workers where there are not enough local workers available. The Scheme allows Pacific and Timorese workers to take up jobs in Australia, develop their skills and send income home to support their families and communities. In April 2022, there were ~23,000 Pacific Islander workers in Australia⁴, up from ~14,760 in 2021 and ~9,222 in 2020⁵.

Furthermore, at the beginning of FY22 DFAT⁶ announced that there were 55,000 work-ready Pacific and Timorese people available to commence work on Australian soil, demonstrating the obtainable expansion opportunities through the FIP acquisition. The newly elected Labor Government has outlined several policies to increase the uptake and expansion of the PALM Scheme, indicating continued support for the Scheme. Policies include covering workers' international and domestic travel costs upfront and adding agriculture as a third visa stream.

The consideration payable for FIP is on a cash free, debt free basis. Food Industry People Group is expected to contribute ~\$9.5m in EBITDA in FY23 and generate pro forma forecast earnings per share accretion of +15% in FY23. The cash component of the acquisition will be debt funded from PeopleiN's existing lender and the net debt post acquisition will be approximately 1.1x net debt to pro forma FY22 EBITDA.

Food Industry People Group CEO Brad Seagrott will join the PeopleiN executive leadership team and continue in his current role as CEO of Food Industry People Group. Together PeopleiN and FIP will work to accelerate growth through sharing customers and grow geographically. The transaction is subject to conditions and is expected to complete by mid-June.

The acquisition of FIP increases PeopleiN's participation in the food sector and cements our position as the largest ASX-listed recruitment and staffing company in Australia. It comes off the back of a strong five-year period of growth for PeopleiN, which has seen the company generate significant shareholder value. Over the last 5 years, the company has recorded an earnings per share compound annual growth rate of 27%. PeopleiN focuses on providing staffing services to those parts of the Australian economy that have significant and growing demand for employees including health and community care, technology, accounting, childcare, food and mining, amongst others.

³ IBISWorld Industry research

⁴ Media release from the Minister for International Development & the Pacific (April 2022).

⁵ <https://www.theguardian.com/australia-news/2022/apr/24/australian-farm-revolution-hopes-and-fears-as-a-new-workforce-replaces-backpackers>

⁶ [Media Release from the Minister of Foreign Affairs \(September 2021\)](#)

A webcast briefing and teleconference will be held at 9:30AM (AEST) this morning. The details are outlined below:

Webcast Briefing and Teleconference Details

To pre-register for the webcast, please click on the following link:

<https://webcast.openbriefing.com/8794/>

To pre-register for the teleconference, please click on the following link:

<https://s1.c-conf.com/diamondpass/10022555-wSmJ94.html>

You will receive a calendar invite and a unique code which is to be quoted when dialing into the call. The calendar invite will also include a list of toll free numbers to dial.

To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad.

If you wish to ask a question, you will need to register and dial into the teleconference.

Enquiries – please contact:

Ross Thompson, CEO – (07) 3238 0800

This announcement was authorised for release by the Board.