

PANORAMA ACQUIRES HYDRIX BUSINESS TO FAST TRACK GROWTH

Panorama Synergy Limited (ASX: **PSY**) (**PSY** or the **Company**) is pleased to announce that it has entered into a binding agreement to acquire the business of Hydrix Group Pty Ltd and its related bodies corporate (**Hydrix**).

Hydrix is a Melbourne-based product engineering company, building technologically advanced products ranging from high-end medical devices to industrial and defence related systems across Australia, North America and Europe. Hydrix partners with its customers to create smart and connected “Internet of Things” (**IoT**) products that change people’s lives and accelerate business success. The company’s impressive client list includes blue chip global companies such as Siemens, HP and Philips, as well as many large Australian SMEs and start-ups.

PSY and Hydrix currently enjoy a close working relationship, having recently collaborated on a range of medical and agricultural technology proposals.

Key highlights of acquisition:

- Combination of highly complementary capabilities to deliver comprehensive sensor solutions and IoT connectivity platforms
- Strong strategic and cultural fit between Hydrix and PSY
- Mark Brydon the owner and founder of Hydrix is to join PSY as a member of its senior executive team, and will remain as CEO of the Hydrix business, fully committed to the Company’s growth strategy in product engineering, and the global sensor and IoT markets
- Consideration payable by PSY for the acquisition will be a combination of up to \$2 million cash and the issue of 50 million new PSY shares
- PSY will fully fund the cash component of the consideration via a new \$2.5 million loan facility
- Hydrix’s average trading results (unaudited) over the last 4 years were \$13.5 million p.a. in revenue and \$1.5 million EBIT p.a.
- Immediately earnings accretive and cashflow positive to PSY

PSY’s CEO Peter Lewis said: “This is a strategically important acquisition of a business we know well. Hydrix galvanises our business assets and opportunities, advances our product offerings, and accelerates growth. We are now in an excellent position to unlock our ability to deliver comprehensive sensor solutions and IoT connectivity platforms and capitalise on the rapidly growing global IoT market. Joining forces with Hydrix fast-tracks our capability to enter into a number of attractive high-value markets, including medical technology and defence.”

Mark Brydon, CEO of Hydrix added: “Combining Hydrix and Panorama Synergy creates an exciting opportunity for all stakeholders. The two organisations are well known to each other, and have a very strong culture and business fit, sharing a common desire to become a global leader in innovative technology solutions. Hydrix has a proud design heritage in transforming industries, including medical technology and industrial processing for blue chip customers. I am looking forward to continuing my role as CEO of Hydrix, while also becoming part of the senior executive team of Panorama Synergy, and working with Peter and the team to deliver on the growth opportunities we see in delivering solutions that drive significant benefits for our customers.”

Commenting on the acquisition, PSY’s Chairman Gavin Coote said: “The acquisition of Hydrix is a game changer for Panorama Synergy. We are very excited to have Mark and his talented team join our organisation. Together, the two businesses will be able to create exceptional opportunities to advance product design and engineering in MEMS technologies and to also continue delivering standalone world- class engineering and design services.”

Acquisition overview

The key terms of the proposed acquisition are as follows:

- The consideration payable by PSY for the acquisition will be a combination of cash and the issue of new PSY shares.
- The total maximum cash consideration payable by PSY for the acquisition is \$2 million, which comprises an upfront cash consideration component and a deferred earn-out cash consideration component, which will be payable progressively upon achievement of prescribed performance targets.
- The share consideration component will be satisfied through the issue by PSY of 50 million new shares at Completion. 25 million shares will be subject to voluntary escrow restrictions for 12 months, and the remaining 25 million shares will be subject to voluntary escrow restrictions for 24 months. The Company intends to issue the new shares without shareholder approval under its existing Listing Rule 7.1 capacity.
- Subject to fulfilment or waiver of a number of customary closing conditions, the acquisition is expected to be completed in September / October 2017.
- The acquisition agreement contains warranties and indemnities which are considered standard for an agreement of this nature. The period with which a warranty claim can be made is 18 months from Completion.

Compelling strategic rationale

The acquisition is underpinned by a compelling strategic rationale:

- Complementary business with a strong cultural fit, and strong product design and systems engineering capabilities
- Accelerates product development of the MEMS technology platforms in the IoT and analytical systems sectors
- Reduces product development costs and delivers increased control over proprietary technologies with the in-sourcing of critical design and engineering functions
- Provides the opportunity to create a flexible and broad technology product offering building on PSY's MEMS sensor technologies
- Builds further strategic alliances and partnership opportunities across each organisation's clients in the Agricultural Technology, Medical Technology, Defence and Industrial Process industries
- Adds an award-winning team with pioneering technology and product engineering capabilities
- Strengthens leadership capabilities with Mark Brydon joining PSY's senior executive team
- Broadens PSY's footprint in the fast-growing, multi-trillion-dollar global sensor technology market
- Immediately earnings accretive and cashflow positive to PSY

Mark Brydon, owner and founder of Hydrix, will remain with the business as CEO of Hydrix, and will join PSY's leadership team. Mark will report to the Board of Hydrix.

PSY was advised by Pitcher Partners and Holding Redlich.

Investor and analyst conference call

Investors and shareholders are invited to participate in a conference call briefing on the acquisition hosted by Peter Lewis, Chief Executive Officer, on Wednesday 6 September 2017 at 10.30 am AEST.

Details of the conference call are as follows:

When: 10.30 am AEST on Wednesday 6 September 2017

Dial in details: +61 2 9007 8048

Conference ID 676 243

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For more information, please contact:

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About Panorama Synergy Limited

Panorama Synergy (ASX: PSY) is a technology company focused on the commercialisation of microelectromechanical systems (MEMS) sensor technologies. The Company's proprietary technology in MEMS sensors create a vast opportunities in the growing multi-billion-dollar MEMS, spectroscopy, sensors and Internet of Things (IoT) markets.

Learn more at <http://www.panoramasynergy.com/>

About Hydrix Group Pty Ltd

Hydrix is an advanced product engineering company specialising in the design and development of high technology devices for a wide range of industries for clients including Siemens, Philips, and HP around the world. The company offers a comprehensive range of new product development services combining skills in: system architecture, safety critical system design, human factors engineering, industrial design, mechanical engineering, microfluidics, embedded software, electronics and regulatory strategy and planning. These skills and competencies are applied to the creation of innovative/disruptive products through applied research, and initial concept definition and specification, through all stages of engineering, development, prototyping, manufacturer management and certification process management for global markets. Hydrix has a proven track record, and has been the recipient of multiple Australian and international design awards and certifications, a testament to its ability to create industry leading products with global appeal. The company is headquartered in Mulgrave, Victoria.

Learn more at <http://www.hydrix.com/>