

ASX/Media Release  
9 November 2015

ASX : SOO

## **Solco to acquire 20% of emerging energy storage company Redback Technologies**

### **Highlights**

- **Solco to enter the innovative energy storage market via the acquisition of up to 20% of Redback Technologies.**
- **Redback is an emerging energy storage business with world class partners – Microsoft and the University of Queensland.**
- **Key strategic acquisition which positions Solco as an emerging player in the energy storage sector.**
- **Energy storage is a key component of Solco's business plan to be a significant, full-service independent 'clean tech' energy retailer.**
- **Acquisition consideration is via Solco scrip plus payment of US\$200,000.**
- **Finalization of acquisition subject to due diligence by Solco and Solco shareholder approval.**

Solco Limited (ASX: SOO) (**Solco**, the Company) is pleased to announce that it has entered into a Heads of Agreement (HoA) to acquire Redback Investments Australia Pty Ltd (RBIA), which owns 20% of emerging energy storage business Redback Technologies Limited (Redback).

This is a key strategic acquisition that allows Solco to enter the rapidly emerging energy storage market, and establish it as an innovative provider of complete energy solutions - a stated aim of the Company's business plan. It is proposed that Solco will market, sell and distribute Redback's range of energy storage products and services.

The acquisition is consistent with Solco's business model to be a significant, independent 'clean tech' energy retailer, focused on reducing customer utility costs and reliance on grid energy through the provision of clean technology opportunities.

Redback is an emerging Australian-headquartered energy storage and software solutions provider focused on the development of enabling technologies that allow consumers, utilities and NSP's to trade electricity. Its provides purpose-built, low cost and robust hardware and multi-dimensional software solutions (see images attached), including;

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- Multi-mode Redback Smart Hybrid Inverter with Backup;
- Cloud interfaced PV powered energy storage;
- Internet of Things (IoT) Integration and controls; and
- Energy Market Smart Grid Services.

Redback benefits from the strong support of world-class partners, Microsoft and the University of Queensland. Redback's operations are based at iLab, the University Of Queensland's incubator located on their Indooroopilly campus.

More information about Redback may be found via [www.redbacktech.com](http://www.redbacktech.com). More information on Redback and its partnership with Microsoft is available via the following corporate video; <https://m.youtube.com/watch?v=C5gaOtxwSvo>.

## **Acquisition Terms and Consideration**

Under the HoA it is proposed that Solco will acquire a 100% interest in RBIA by the issue of ordinary shares in Solco, plus the payment of US\$200,000.

The purchase price will be based on a valuation prepared by an independent expert engaged by Solco, expected to be in the range of \$800,000 to \$2,000,000. The payment of US\$200,000 by Solco will be included in the calculation of RBIA's valuation. The issue price of Solco's ordinary shares will be determined by the volume weighted average (VWAP) of the 30 days trading prior to shareholder approval by Solco shareholders.

RBIA is currently 70% owned by interests related to Solco's majority shareholder, Urban Group Energy Holdings Pty Limited (Urban). Interests related to Solco's managing director, Mr Adam Pearce, control a further 15% of RBIA. Both parties will be retaining a separate direct interest in Redback post the acquisition of RBIA by Solco.

The acquisition is subject to successful completion of due diligence by Solco, expected to be finalised by the end of January 2016, and Solco shareholder approval by 1 March 2016, to be sort at shareholder meeting to be convened. Details of the shareholder meeting will be provided in the near future. Urban, Mr Adam Pearce and their related parties will not be eligible to vote on the resolutions concerning the RBIA acquisition at that meeting.

## **Energy Storage Market Opportunity**

The electricity sector is undergoing transformational change. Over one million Australian consumers and businesses have adopted solar photovoltaic technologies to reduce exposure to rising energy costs. Increasing generation and distribution costs combined with significant cost reductions in photovoltaic systems are re-defining the relationship between consumer, utility and the grid.

The emerging availability of low cost grid-connected battery storage options, which has been assisted by the reduction of feed-in tariffs by utilities and policy makers, has provided a significant market opportunity for 'behind-the-meter' storage to become a preferred option to maximize returns from photovoltaic assets.

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Redback is poised to take advantage of an expected future growth in demand for energy storage by acting as a technology enabler for utilities, finance companies and solar installation companies to own and operate distributed photovoltaic powered energy storage assets. It plans to introduce a range of solar and energy storage products which will allow residential and commercial customers to significantly reduce energy costs, and also reduce the reliance on existing grid infrastructure.

### **Solco Energy Storage Strategy**

Solco is focused on delivering an integrated battery storage solution as part of its product offering to commercial business. Energy storage presents an opportunity to expand services to the existing customer base and generate new business via the bundling of grid electricity, solar Power Plant Agreements (PPAs) and battery storage to reduce customer costs and ultimately reliance on grid energy.

Post the acquisition, Solco will own and operate Redback systems, with sales occurring via PPA including onsite solar and battery storage bundled with grid energy. Solco will look to revisit existing PPAs with a view to upgrading customers with battery storage integrated solutions and, where possible, to increase the size of existing solar systems as well.

Solco Chairman, Brian Thomas said:

*“We are delighted to enter into this agreement to acquire a sizeable stake in the Redback business to secure our future at the forefront of energy storage development. Energy storage is a core part of our strategy moving forward and the Redback acquisition is the ideal opportunity for us to enter this emerging market. Redback is acknowledged as a leader in the energy storage space. We believe this will be a value accretive investment in an exciting business with passionate people that will assist in successfully integrating Redback products and services into our business. Our aim is to deliver a complete mix of clean-tech energy solutions for our customers, and value for shareholders.”*

Redback Technologies Managing Director, Phil Livingston said:

*“Redback welcomes Solco’s placement and we see such an investment as a strong validation of our technology as an emerging player within the new-energy sector. Redback’s continually expanding service offering comprising aggressively priced hardware and highly connected software solutions cumulatively lend significant benefit to our downstream partners. We look forward to working with Solco to improve downstream service offerings while changing the way businesses in Australia consume electricity.”*

ENDS

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## About Solco

Solco Limited (ASX: SOO) is an independent, ASX-listed clean tech energy retailer. Its subsidiary, GoEnergy Pty Ltd holds energy retail licenses in New South Wales, Victoria, Australian Capital Territory, Queensland and Tasmania. Solco provides business customers with an innovative approach to reduce energy costs through a combination of solar-based power plant agreements, energy efficiency products and grid energy solutions.



**Image 1:** Redback Technologies Smart Hybrid Energy Storage System



## The Redback App

Download our easy to use Redback app, to review the current energy output and load in your home, as well as check the status of your Smart Hybrid System.

### Download the app

Available on the **App Store** 

**Image 2:** Redback Technologies current cloud-based system suite

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