

Morphic acquires Swiss energy technology company AccaGen

Morphic Technologies AB's subsidiary MBD AB has concluded an agreement for the acquisition of the Swiss energy technology company AccaGen. The purchase price is SEK 104.1 million. AccaGen is a leading manufacturer of electrolyzers for separating water into hydrogen and oxygen. Through this acquisition Morphic has now secured access to all critical components for its energy system.

AccaGen was formed in 2003 and has become a leader in the development of technology for storing energy from renewable energy sources, such as solar, wind and wave power and biogas. Its core offer consists of a range of patented high-efficiency electrolyzers for separating water into hydrogen and oxygen. The hydrogen can be used as fuel in Morphic's fuel cell energy system.

In recent years AccaGen has been focusing on developing the electrolyzer into a standardized product adapted for major industrial and energy-related customers. AccaGen's big global returning customers include Linde, ESCOM (the state-owned South African energy company) and PDVSA (a state-owned oil company in Venezuela). AccaGen posted a profit before depreciation and financial items for 2006 and is expected to have a marginal impact on the Morphic Group's sales and earnings in the current year. An analysis of the acquisition will be presented in the Q3 report.

AccaGen's CEO acquires Morphic shares in a private placement

The purchase price was SEK 104.1 million. The sellers are the Swiss energy company Azienda Elettrica Ticinese (AET), Roberto Dall'Ara (the founder and current CEO of AccaGen) and a small number of private investors. The payment will be made in cash to all sellers. Roberto Dall'Ara will reinvest SEK 12.3 million in B-shares of Morphic through a private placement at a subscription price of SEK 20.53 per share, giving him 600,963 B-shares in the company. The subscription price used is the average of the volume-weighted price of Morphic's B shares on First North during the period December 4-17, 2007. The issue of shares will raise SEK 12.3 million before issue costs.

After the issue Morphic will have a share capital of SEK 6.0 million, distributed among 150,772,022 shares, of which 5,984,000 are of series A and 144,788,022 of series B.

Third acquisition in a short time

This acquisition is the third that Morphic has undertaken in quick succession. In August Morphic acquired 55 percent of the shares of the Greek energy technology company Helbio S.A. and in November the company acquired the Italian fuel cell maker Arcotronics Fuel Cells S.r.l.

"We have an aggressive growth strategy in energy technology, and are very pleased that we have now managed to secure all critical components for the energy system that we have developed. AccaGen has strong expertise in energy technology", Jonas Eklind, Morphic Technologies' CEO states in a comment.

Morphic's energy system in brief

With the acquisition of AccaGen, Morphic has now secured access to all key components (fuel cells, reformers and electrolyzers) in the energy system developed by the company.

A basic requirement in electricity production is that the electricity generated is used immediately. One problem with producing electricity based on wind power is that the electricity generated is much too uneven to make this a fully viable alternative to traditional energy sources. As long as the wind blows, electricity is generated, but at other times the turbine just stands there. Until now there has been no efficient way of storing the energy, either large-scale or in small, freestanding systems, and then using it during times when the rate of production slows down.

Morphic's energy system introduces an entirely new way of converting, storing and using energy from renewable sources. The system converts energy from a wind turbine or other power generator into hydrogen, methanol or other energy bearer through a chemical process. This fuel can then be stored and converted back into electrical energy at a later time using fuel cells.

Eco-friendly alternative to diesel generators

The purpose of Morphic's energy system is partly to enable local production of electricity at a predefined cost and partly to increase the share of energy produced from existing renewable sources of energy. In local electricity production the market for the system is divided into two categories: areas with infrastructure for electricity production and areas without infrastructure for electricity production.

In the first segment Morphic's system can be used for generating electricity from biogas energy, e.g. from treatment works, recycling facilities and agriculture. In the second segment Morphic's system can replace diesel generators. This includes systems for powering telecom base stations. In this area customers can cut their cost by up to 70 percent by replacing diesel generators with Morphic's system.

In the second case the system can be used to supplement the power generated from existing renewable energy sources.

Key components of the energy system

In somewhat simplified terms, the system consists of four parts:

- Small wind power stations. 20 kW - 500 kW. Developed in Morphic Business Development.
- Reformers. Used for converting e.g. biogas or ethanol into extremely pure hydrogen. Here Morphic's access to key components was secured through the company's acquisition of 55 percent of Helbio S.A.
- Electrolyzer. Used to separate water into hydrogen and oxygen. Here Morphic's access to key components has been secured through the acquisition of AccaGen.
- Fuel cells. Energy converters that make it possible to efficiently convert hydrogen and other energy bearers into electricity and heat. Here Morphic's access to key components was secured through the acquisition of Arcotronics Fuel Cells S.r.l.

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Efficient fuel in fuel cell systems

Several types of fuel can be used to power fuel cells. Of these, hydrogen is the most energy-efficient. Hydrogen does not exist in its elemental form in nature, but needs to be produced, either from other fuels (fossil or non-fossil) or by electrolysis of water.

To date, practically all hydrogen used in industry has been produced from natural gas, petroleum or other fossil fuels, or derived as a byproduct from other processes.

As environmental requirements increase and technology continues to advance, hydrogen produced from renewable fuels such as biogas or ethanol or by electrolysis of water will become increasingly common. One of the key advantages is that the production process theoretically has no impact on the environment.

Producing hydrogen through electrolysis (separating water into hydrogen and oxygen) requires efficient electrolyzers. In this area AccaGen is one of the leading players in the market.

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Morphic Technologies is a Swedish industrial company, offering energy systems based on renewable electricity production and resource-efficient technology for producing components in large production series. The Group has operations in Sweden (Karlskoga, Filipstad, Kristinehamn and Gothenburg) and in Greece and Italy. The company's B-shares are associated with the Stockholm Stock Exchange's First North trading market, with Remium Securities as Certified Advisor. More information on the company is available at www.morphic.se.