KEY FACTS ABOUT SFC

WHAT IS SFC’S CORE BUSINESS? SFC Smart Fuel Cell AG develops, produces and sells fuel cell systems. Our emphasis is on attractive, commercial power supply solutions to meet our clients’ needs in off-grid situations. Our main theme: sustainable power supply solutions based on innovative, environmentally friendly technologies and offering the greatest possible customer benefit. With over 12,000 fuel cells sold, SFC has played a significant pioneering role in the commercialization of fuel cells.

HOW BIG IS SFC? We are a medium-sized enterprise that operates internationally with about 110 employees at present and annual sales of about EUR 14.5 million in 2008.

WHERE IS SFC LOCATED? We are headquartered in Brunshausen/Munich. That is the location for our research and development center, production facilities, marketing and sales organization, and the administration unit. To expand our business in the United States, SFC has also established a subsidiary in Atlanta, Georgia, in 2008.

WHAT’S SPECIAL ABOUT SFC? There are many reasons why SFC is the fuel cell company that has sold the largest number of systems worldwide:

• All our products are based on direct methanol fuel cell technology, and use a liquid alcohol as their energy source, with an extremely high energy density. By using handy, practical, safety-based EFOY fuel cartridges, you can pack a great deal of electricity into a very small space, with very little weight, and take it anywhere.

• There is a working international fuel infrastructure for our products. You can buy EFOY fuel cartridges at more than 1,200 sales outlets throughout Europe.

• Our products are true “plug & play” solutions: easy to install, child’s play to operate, no maintenance, reliable impervious to weather, and environmentally friendly.

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AHEAD IN ENERGY!

We’ve been looking for new ways to explain more clearly to you – our esteemed investors, customers, employees and friends of SFC – what sets us apart as a company. Which is why, for the first time as a part of our Annual Report, you have in your hands the first issue of SFC Energy Times: a publication that will keep you informed about our successes and innovations, and of course also about our products and markets.

SFC too was unable to escape the repercussions of the financial and economic crisis in 2008. Some of our core markets showed a significant decrease in demand. Nevertheless, once again this year we achieved numerous milestones and awards for our fuel cells – our products are now established as the power supply solution of choice in many sectors, and are already being tested and introduced in many more. Our society is getting more and more mobile, and the amount of equipment operating off-grid is constantly growing. Demand for sustainable, reliable remote power supplies has never been such an important topic as it is today.

So join us on the next few pages on an informative, entertaining tour of our product portfolio. Find out about our markets. And we hope you will even pick up some of our own inspiration and enthusiasm – for clean, functionally attractive power supply solutions and the countless applications of SFC fuel cell products.

Best regards,

Dr. Peter Podesser
CEO

Dr. Jens Müller
COO

LOTS OF POWER ON HAND – ANYTIME, ANYWHERE

No doubt you’ve had the experience – just when there’s no power plug for forty miles around, the cell phone battery goes dead. Owners of PCs and laptops have the same problem when they need to run equipment on board which they’re under way. The situation is even more pressing in industrial applications, for example in security cameras, or when you have to warn about road hazards at construction sites along heavily traveled freeways. It’s a good thing EFOY fuel cells are around. With the help of EFOY fuel cartridges, they can provide reliable electric power anywhere in the world. EFOY fuel cartridges are lightweight and chock full of electricity – a 10-liter cartridge weighing only 7.6 kg can supply 11 kilowatt hours of electric power, the equivalent of 770 kilos of batteries. A big advantage in mobile applications especially. See for yourself just how big an advantage it is:

1) How many hours can you watch TV on a recreational vehicle with a 10-liter fuel cartridge? (Fir comparison: using a conventional 80 ampere-hours battery: 12 hours)

- 20 hours
- 80 hours
- 130 hours

2) How many days can the freeway administration run an illuminated mobile sign trailer on a 28-liter fuel cartridge before the next maintenance is due? (For comparison, using a large 120 ampere-hours battery: 0.33 days – 8 hours)

- 1 day
- 3 days
- 7 days

3) What percent of the weight of a power supply can a soldier save on a 72-hour mission by using a EFOY fuel cell system? (For comparison: the minimum load that has to be carried to date would be 13 kilos of batteries)

- 50 percent
- 50 percent
- 80 percent

4) How much further can an electric car travel with an EFOY and a 28-liter fuel cartridge on board? (For comparison: without a power cell, a battery will go about 40 km)

- 80 km
- 260 km
- 500 km

Answers: 1) 130 hours; 2) 7 days; 3) 80 percent; 4) 500 km
WHEREVER A RELIABLE POWER SUPPLY IS NEEDED AWAY FROM THE POWER SOCKET, THAT IS WHERE YOU WILL FIND SFC FUEL CELLS.

**OFF-GRID INDUSTRIAL SYSTEMS** - 100% reliable weather independent electricity and low operating cost for traffic control technology, security, and surveillance systems, remote sensing, and innumerable other electrical devices away from the power outlet. When you really need to a dependable equipment that will always be available and run reliably.

**LEISURE** - "Comfortonomy" for recreational vehicles, recation cabins, Alpine shelters, and boats. Enjoy the full convenience of noiseless power on board, anytime, anywhere.

**DEFENSE** - Portable power supplies for soldiers in the field, field charging devices and on-board power supplies for military vehicles. More mobility, more safety and protection, less weight and less time wasted recharging batteries.

**MOBILITY** - On-board power supplies for speciﬁc-purpose and emergency vehicles. Batteries always fully charged to protect people’s health and safety.

**HEALTHCARE AND MOBILE COMMUNICATIONS** - Longer operating times and service life, lower weight, greater reliability and mobility for medical equipment (including mobility aids, portable pumps, monitoring and measuring devices) and for today’s portable communication devices.

**MOBILITY** - Convenient on-board plug-in recharging for electric vehicles below the passenger car level. Greater range, independence from power outlets, automatic battery recharging – whether you are driving, waiting in traffic, or parked.
INTRODUCING THE SFC FAMILY OF PRODUCTS

The EFOY fuel cell series
The EFOY fuel cell series was specially developed for consumer applications in the leisure sector. It has four models – the EFOY 600, EFOY 900, EFOY 1200 and EFOY 1600 – with a charging capacity of 600 to 1600 watt hours per day. So you can find a perfect power source for every need. Users can conveniently decide which model best meets their individual electricity requirements.

EFOY fuel cells are used mainly in leisure applications, where they provide power for electric uses on board recreational vehicles, caravans and sail boats, and in vacation cabins and Alpine shelters – reliably and entirely automatically.

The EFOY Pro Series
The EFOY Pro Series was specially developed for the demanding requirements of professional users. The EFOY Pro Series has three models – the EFOY Pro 600, EFOY Pro 1200 and EFOY Pro 1600 – with a charging capacity of 600 to 1600 watt hours per day. Multiple EFOY Pro fuel cells can be combined for applications that call for greater power.

The fuel cells in the EFOY Pro Series are sold exclusively to professional users, for applications in mobile and stationary off-grid applications. In these uses they provide 100 percent reliable energy, available anytime, for many different systems in traffic control, security and monitoring technology, for off-grid sensors, measuring and radio systems, and for electric vehicles.

The SFC Power Manager
The SFC Power Manager is an intelligent, ultra-high efficiency voltage converter that makes the Jenny fuel cell even more flexible to use. It allows batteries to be recharged on route from almost any available energy source, and makes it possible to run equipment using widely different voltages in parallel. So it significantly cuts down the weight of the batteries that used to be necessary to run such different devices.

The FC 250 Fuel Cell
This high-performance fuel cell with a rated constant output of 250 watts was developed for use as a mobile on-board power source for defense and service vehicles. It can be used for mobile or stationary applications, as a charger for all kinds of batteries for direct operation of on-board equipment. It offers dramatic weight savings over plain battery solutions, and can also be used in the field or to power stationary off-grid systems.

The Portable JENNY Fuel Cell
JENNY is SFC’s portable fuel cell for military special forces in the field. It’s worn in a vest on the body, together with small fuel cartridges, to run other equipment being carried. With its low weight of only about 1 kilogram, the JENNY offers dramatic weight savings of up to 80 percent compared to batteries.

The EMILY Fuel Cell
EMILY uses proven EFOY technology for demanding power supply requirements in defense vehicles. This extremely ruggedized version of a fuel cell powers electrical devices on board defense vehicles – including laptops, communication systems and navigation systems – and meets military requirements.

The EFOY ProCube
Electricity in a box: The EFOY ProCube is a mobile, no-maintenance complete solution for a remote power supply. Very practical – it is ready to use right away, any time, anywhere, with no effort or expense for adaptation or integration. The EFOY ProCube makes it possible to use the EFOY Pro Series in weatherproof outdoor applications, no matter what the weather or season – even underground, if necessary. An especially useful solution for remote installations without a cabinet.

HIGHLIGHTS

FEBRUARY 2008
• SFC’s Defense segment gets a € 350,000 order for portable fuel cells to be used in an international peacekeeping mission. Jenny fuel cells and Power Managers are supplied.

APRIL 2008
• At the Hanover Fair, SFC exhibits the first motor scooter with a built-in EFOY fuel cell in the top case: the GEO42fun.
• SFC’s most powerful fuel cell to date, the FC 250 fuel cell system with a rated output of 250 watts, goes into pilot production. Development phase for the U.S. Army Operational Test Command is completed.
JUNE 2008

- French RV maker Rapido is yet another of Europe’s largest companies in the industry to choose the EFOY: top-of-the-line Rapido models will come with an EFOY fuel cell installed as standard equipment. Rapido’s other RVs will be for EFOY-ready (pre-wired).

- SFC’s portable M-25 fuel cell, combining DuPont components with SFC’s proven commercial fuel cell products and solutions and its many years of expertise in systems integration, sees successful use in the field by the U.S. Army.

JULY 2008

- SFC achieves another breakthrough in fuel cell technology: its ultra-efficient DMFC system, at 1580 watt-hours per kilogram of fuel, has the market’s highest energy density to date. It can also work at high temperatures of +80°C with undiluted fuel.

- SFC opens a sales and service branch in Atlanta, Georgia, USA.
ELECTRIC POWER – SAFE AND SECURE

Safety and security are important – when assets or even people’s lives are at stake, security systems have to be reliable. No matter whether we’re talking about mobile security systems at major events, or cameras at airport fences, or alarm systems in parked vehicles. They all have to do their job reliably, around the clock, in all kinds of weather. But when systems like these are mobile or operate off-grid, the operator regularly has to face the problem of an available power source.

This is where conventional remote power supply systems very quickly run up against their limits. Even if a 25-watt surveillance camera draws “only” 400 watt-hours a day, ensuring an around-the-clock power supply is a real challenge.

Here a battery can provide power for only a few days – then it has to be replaced. And for that, an employee often has to drive out to the camera and swap-out the dead battery for a charged one. Completely aside from the considerable outlay in time and logistics, there’s always the additional risk that the camera’s presence might be given away to the wrong people each time the battery is changed.

Solar cells are a genuine alternative – they do generate electricity. But only when the sun is shining. In bad weather they put out too little power. Besides, solar power systems are visible from a considerable distance and thus give clear clues to the presence of something using electrical power nearby. The risk of vandalism or theft is very high as a result.

But now there is a solution that ensures a power supply around the clock, in any weather: the quiet, reliable electricity from an EFOY Pro fuel cell.

Dutch company Tadas Security Solutions is already relying on the compact, quiet fuel cells in the EFOY Pro Series. The critical advantages: The EFOY Pro can be installed where it’s invisible and theft-proof, either right in the same box with the device to be powered, or simply connected to the practical EFOY ProCube with a fuel cell. A fuel cell is a low-impact power source with ultra-low detectability – a crucial benefit in a hidden installation, for example. And best of all, an EFOY Pro can power security systems for weeks without any user involvement.

User report

JUST ONE EXAMPLE:

Without EFOY Pro – battery replacement every 2 days

Drive to site

Replace batteries

Batteries typically need replacing every 2 days.

Drive back to the office

With the EFOY-Pro – fuel cartridge replacement every 30 days

You only need to replace the fuel cartridge once a month if you’re using an EFOY Pro 1600 + an M28 fuel cell.

EXAMPLE: COST SAVINGS WITH THE EFOY PRO

<table>
<thead>
<tr>
<th>Battery operation</th>
<th>EFOY Pro operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automatic/month</td>
<td>2 days</td>
</tr>
<tr>
<td>Max hours/month</td>
<td>37.5 hours</td>
</tr>
<tr>
<td>Molar cost/month</td>
<td>1,200 €</td>
</tr>
<tr>
<td>Consumption/month</td>
<td>0 €</td>
</tr>
<tr>
<td>Amortization/month</td>
<td>0 €</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Battery operation</th>
<th>EFOY Pro operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automatic/month</td>
<td>36 days (UK cartridge)</td>
</tr>
<tr>
<td>Max hours/month</td>
<td>37.5 hours</td>
</tr>
<tr>
<td>Molar cost/month</td>
<td>80 €</td>
</tr>
<tr>
<td>Consumption/month</td>
<td>71 €</td>
</tr>
<tr>
<td>Amortization/month</td>
<td>671 €</td>
</tr>
</tbody>
</table>

HIGHLIGHTS

AUGUST 2008

- At Caravan Salon Düsseldorf 2008, 37 international RV makers include the EFOY in their catalogs. The EFOY is shown at 40 booths. Clearly the EFOY fuel cell is now the power supply to be used in recreational vehicles.
- Continuous product development and improvements reduce EFOY fuel cell fuel consumption significantly further, to less than 1 liter of methanol per kilowatt-hour of electricity.

SEPTEMBER 2008

- In cooperation with new partner BayWa AG, EFOY fuel cells enter the market in cabins for hunting, vacationing and mountainside shelter.
- SFC launches the EFOY Pro Series for professional users and exciting industrial applications. Also now on the market: the EFOY ProCube, as a mobile, weatherproof, no-maintenance power supply for outdoor applications.
HERE IS HOW IT WORKS:

The EFOY Pro is simply connected to the battery that powers the security camera. If the battery's charge drops below a certain level while the camera is running, the EFOY Pro fuel cell switches on, completely automatically, and recharges the battery. Once the battery is recharged, the EFOY Pro automatically goes back to standby mode. The only "exhaust gases" produced in the energy generation process – which involves no moving parts or combustion – are water vapor and carbon dioxide, in quantities equivalent to what a child exhales.

On top of that, the EFOY Pro is no-maintenance, remote-controllable, and a money saver, so an investment pays for itself within a very short time.

**Data:**
- Distance to surveillance station: 180 km
- Nominal power of the system: approx. 30 W
- Operating time per day: 24 hours

**Conclusion**

You will save approx. 1,490 € / month.

Including the monthly depreciation and amortization on the investment, the EFOY-Pro 1600 pays off in just 18 months. And that is even without costs for battery recharges and replacement batteries.

**Conclusion**

You will save approx. 1,490 € / month.

Including the monthly depreciation and amortization on the investment, the EFOY-Pro 1600 pays off in just 18 months. And that is even without costs for battery recharges and replacement batteries.

**October 2008**

- Portable fuel cells using SFC technology win first and third prize in the internationally highly regarded Wearable Power Prize competition of the American Department of Defense.
- SFC sells its 10,000th EFOY fuel cell. It has thus sold more fuel cell power supply solutions than all other fuel cell companies combined.
- The EFOY Pro self-sufficiency package for electric vehicles smaller than passenger cars is introduced, freeing electric vehicles from dependence on power outlets.
Awards

SFC SMART FUEL CELL – PRIZES AND AWARDS
SFC Smart Fuel Cell has been winning enthusiastic praise from market watchers and industry experts ever since it was founded. Our long list of prizes and awards offers impressive evidence of the high regard our company enjoys among an extremely wide range of businesses and industries. Once again in 2008, our products and applications attracted worldwide attention with wins in high-profile international competitions.

At its first try, an EFDF fuel cell wins Third Place in the power genera-
tor category in the "Best Brands" reader survey run by promobil magazine; the award clearly reflects the importance of the EFDF brand in the RV market.

January 2008

SFC’s power supply for traffic control systems wins the 2008 Industry Prize of the Medium-Sized Business Initiative, in the ‘Energy’ category. The Initiative recognizes products and solutions from industry that offer exceptional benefits and functionality.

April 2008


July 2008

SFC wins Third Place in the renowned Deloitte Fast 50 List of Germany’s fastest-growing technology companies. Rankings on the list are based on cumulative percentage of sales growth over the past five years, from 2003 to 2007.

October 2008

Portable fuel cell systems based on SFC technologies win First and Third Place in the U.S. Department of Defense’s Wearable Power Prize contest, a highly regarded international competition. The prototype of the portable SFC M25 fuel cell wins First Place, which carries a purse of USD 1 million, against 170 competing systems. The Jenny 6005 fuel cell, already available commercially, wins Third Place – USD 250,000.

October 2008

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