

## PRESS RELEASE

### Leclanché announces Financial Results for 2015 and reports on achieving key Growth Plan milestones

- Market guidance achieved
- Revenue increased by 69%
- 2015 EBITDA loss as percentage of Revenue almost stable compared to 2014 with a 9% reduction.
- Growth investment of CHF 10 million accounts for nearly 40% of the EBITDA loss
- Book to bill (order backlog) increased by more than 100% year-over-year
- Graciosa project to be fully operational by Summer 2016
- Won contract to build world's largest electric ferry
- Major award to build one of the world's largest stationary energy storage systems in Ontario Canada. US\$ 45 million turnkey contract to supply, install and commission a 53 MWh system.
- Major capital raise planned in 2016 to support growth initiatives
- Annual Report 2015 published today

#### Yverdon-les-Bains, Switzerland, 13.04.2016

Leclanché SA (SIX Swiss Exchange: LECN), the fully vertically integrated, battery energy storage solution provider, announced today its annual results for the year ending 31 December 2015. Consolidated revenues for fiscal year 2015 were CHF 18.2 million, up by 68.5% compared with the previous year; the EBITDA loss for the year amounts to CHF (26.0) million compared with a loss of CHF (16.92) million in 2014.

Anil Srivastava, Leclanché CEO, said, "We are pleased to report the Company met its financial guidance given to the market for 2015 and achieved break even EBITDA in the month of December 2015, excluding all exceptional items and year-end adjustments. This turnaround month was driven primarily by revenues generated by the Graciosa project.

"2015 was a strong year for Leclanché. Our strategic partnerships and investments have enabled us to offer world-class customer solutions in several high growth markets across our three application areas: utility-scale generation & microgrids; eTransport; and commercial & industrial battery systems. As a result, we have achieved excellent operational momentum with major industry-leading, project wins validating our position as the leading vertically integrated energy solution provider. We are excited about the opportunities ahead as we execute on our pipeline and continue to build out our capabilities to continue to capture the rapidly growing global energy storage market."

Key operating milestones achieved in 2015 include:

- Stabilization of balance sheet and operations through Recharge A/S total investment of CHF 31 million, including CHF 10 million in Growth investment. Of this, CHF 21.8 million has already been converted to equity.
- Successful repositioning of Leclanché in the market place as a fully vertically integrated Energy Storage Systems provider.
- Implementation of one of the world's largest Lithium-battery based micro-grid projects on the Island of Graciosa in the Azores (Portugal).
- Selection to provide battery power to the Largest Electric Ferry in the world.

- Installation of innovative battery pack for solar street lighting solutions in Saudi Arabia in a strategic partnership with Scotia A/S.
- Successful introduction of All Electric Buses in Bruges, Belgium.
- Contract win over large global competitors for one of the world's largest Stationary Storage Systems in Ontario, Canada.

"These customer wins and investments strongly validate the Company's growth plan and are confirmation that we have successfully positioned Leclanché as a complete Battery and Energy Systems Provider significantly increasing our addressable market across the full spectrum of power-intensive and energy-intensive applications.

"We believe the energy storage sector has reached a tipping point where it is no longer a question of when, but how fast it will grow. All the indications support this view."

According to Navigant Research, the Lithium-ion market for stationary and industrial mobility applications segments in which Leclanché offers its solutions is forecast to grow 37% annually to 75.5 GWh by 2020: these markets include Residential Energy Storage, Commercial & Industrial Buildings, Micro-grids, Utility-Scale, Buses, Ferries and Materials-Handling Vehicles. According to the same study, Stationary Storage Systems is forecasted to grow 48% annually to 4.2 GWh, while Mobile Storage Systems is expected to grow 37% annually to 6 GWh and Specialty Battery Systems for the commercial and industrial markets to grow 48% annually to 11.3 GWh.

### **Funding and Balance Sheet Highlights**

From a funding perspective, 2015 was been a year of stabilization for Leclanché. By year end, December 31, 2015, the company had drawn down the full CHF 13 million Facility A, the full CHF 8 million under Facility B and CHF 2.7 million under Facility B Extension from the Recharge A/S convertible loan for a total of CHF 23.7 million.

In July 2015, Recharge elected to convert a further CHF 16.8 million into Leclanché shares, thereby substantially reducing the Company's debt, and agreed to add an additional CHF 5 million for growth funding under Facility B together with an extension of the due date from June 2016 to June 2017. This takes the total funding commitment of Recharge to CHF 31 million (CHF 5 million acquisition of Oakridge convertible loan, CHF 13 million of Facility A and CHF 13 million of Facility B), of which CHF 21.8 million has already been converted to equity.

In Dec 2015, the Company raised CHF 6.9 million for investment in developing and deploying large projects. Leclanché has secured solid backing from most of its larger shareholders as well as a new significant private equity investor, ACE & Company. Founded in 2005, ACE & Company is a global private equity group based in Geneva, Switzerland. The group has five offices globally and invests across the various stages of private equity, from business angel to buyout acquisitions, including growth capital and special situations.

"We are particularly pleased to have ACE & Company, and its CEO and founder, Adam Said, on board as new investors in Leclanché, and appreciate their support of the company's vision and future," said Srivastava. "This has been a very fruitful period for the company and one in which we have made significant progress despite many challenges. We would also like to record our appreciation for the active participation of the representatives of Recharge, Scott Macaw and Robert Robertsson as Board members, and for the substantial financial support which has helped the company accelerate its growth plans."

### **Key Events and Achievements in 2015**

#### Yunicos/Graciosa Project

In April 2015, Leclanché announced a partnership with Yunicos to deliver the world's first megawatt-scale micro-grid renewable energy plus storage system, integrated with wind, solar and diesel generation, on the island of Graciosa in the Azores (Portugal). The renewable

energy powered grid will boost the annual share of renewable energies to the island's 4,500 inhabitants from a previous limit of 15 percent to up to 65 percent and thus allow the island to substantially reduce its dependence on fuel imports.

In May 2015, the company announced the turnkey order of € 8.5 million for the supply and commissioning of the Graciosa Battery Power Plant ("BPP"), of which circa € 4 million relates to the 3.2 MWh Battery Energy Storage System ("BESS"), for delivery in the second half of 2015, and € 4.5 million relates to the entire Engineering, Procurement and Construction ("EPC") for the BPP.

Additionally, an affiliate of Recharge has provided € 3.5 million in convertible debt financing to the project's operating company, Graciolica, a wholly-owned subsidiary of Younicos, as support towards the realisation of this project by the end of 2015. Further, Recharge increased its investment by providing an equity of € 7.9 million to accelerate deployment of the project.

#### Ontario, Canada Grid Ancillary Services Project:

In January 2016, the company announced winning one of the world's largest Stationary Storage Systems in Ontario, Canada. Leclanché is the turnkey contractor (EPC) to supply, install and commission a total of 13 MW / 53 MWh energy storage systems over six sites with ancillary services agreements with Ontario's Independent Electricity System Operator (IESO). Leclanché direct supply includes Battery Storage System and Power Conversion System, while Deltro Energy Inc. is the partner for the Balance-of-Plant (BoP) scope.

Eighteen times bigger than the Graciosa project, the Ontario project represents a contract for Leclanché worth US\$ 45 million in the first phase. In the second phase, due in the year 2018, the project will be upgraded with significant increase in Power capacity to 120MW resulting in a new order of further c.US\$ 35 million for Leclanché.

The project will use high energy density Graphite/NMC cells – the second cell technology introduced by Leclanché during the year. These services are now required to maintain grid stability as more and more renewable energy is added to the electricity mix. This market is growing fast and early players will have access to GWh markets in the coming years.

#### Joint Solar Project

In September 2014, Leclanché announced a landmark project together with the "Polytechnique Federale School" in Lausanne ("EPFL, Swiss Institute of Technology") and "Romande Energie" (which runs one of the largest roof top solar electric plants in the French speaking part of Switzerland), with financial support from the Canton of Vaud, to study innovative solutions to store solar energy and to distribute it in an optimal way at times of peak consumption. We are pleased to report that the entire system for 512kWh high-capacity long life battery storage, comprising approximately 8,000 lithium-ion titanate cells with related mechanical, electrical and software systems housed in a 40-foot container, was installed on site at EPFL and successfully commissioned in October 2015.

This project is an important reference for the Company and has already been helpful in securing orders for megawatt-scale storage projects for Leclanché.

#### Visedo Oy Alliance

In May 2015, the company announced a strategic alliance with Visedo Oy ("Visedo"), based in Finland, to produce an integrated solution for battery and traction control systems and to establish the first full plug-and-play drivetrain system suitable for use in any electric bus or other EV-solution. Leclanché and Visedo's solution represents a true breakthrough for the industry as real-time tests show that it is more than 20% efficient compared with its peers currently on the market.

The first joint project from the alliance with Visedo has been the joint project win, announced in June of this year, to deliver a 4.2 MWh battery and a full-electric drive train for the world's

largest electric ferryboat, to be placed in service in June, 2017 to transport vehicles and passengers between the island of Æro and the mainland in Denmark.

This is one of the top five projects in the EU Horizon 2020 initiative and part of the Danish Natura project which guarantees local people green transportation in these areas. The project is expected to reduce CO<sub>2</sub> emissions by 2,000 tons and NO<sub>x</sub> by 41.5 tons per year, and also reducing emitted noise levels and wake waves right behind the ferry by 60-70%. The battery system provided by Leclanché will allow record-breaking charging power of up to 4 MWhh for short port stays and efficient operation, and is scheduled for delivery during 2016.

#### Trineuron Acquisition

In July, Leclanché announced the acquisition of Trineuron, a business unit of the Belgian Company Emrol. Trineuron's products and market footprint are very complimentary to those of Leclanché, in particular its multi-functions applications controller and cloud services platform. Trineuron's significant sales pipeline, particularly in automated guided vehicles ("AGVs"), will also help to broaden the company's customer base. An all-shares acquisition preserves funds for other growth investments.

"We are pleased that Stefan Louis, Managing Director of Trineuron, has agreed to join Leclanché as Chief Strategy Officer and VP of Systems R & D, bringing a wealth of experience to the Company. This acquisition provides a strong team of trained and experienced engineer who will enable the successful technology and know-how transfer in the design and IP rights for Modules and battery management systems software," said Srivastava.

#### ADS-TEC Design and IP Rights Acquisition

In August 2015, the company announced the acquisition of design and IP rights for modules and battery management system software (BMS) from **ADS-TEC**.

Srivastava said "This acquisition propels Leclanché into new space as one of a few select energy storage players in the industry with complete vertical integration capabilities from cell manufacturing to full storage systems delivery."

The additional benefits derived from this acquisition include:

- Fast-track to greater control of value chain, together with significantly improved competitive position and margins, for an insourced total solutions offer.
- Consideration in the form of 1 million Leclanché shares (preserving funds for other growth initiatives and strengthening the Company's balance sheet) and € 2 million cash.
- Further improvement in margins to be achieved by setting up manufacturing in Switzerland once know-how has been brought in-house, and continuity of supply is meanwhile ensured by a two-year co-operation agreement allowing technology transfer during a period of major anticipated project wins.

#### Electric Bus Contract

In October 2015, the first three full-electric buses were placed in service by a consortium consisting of **Van Hool, Bombardier** and Leclanché. Through their fast charge capability, the buses have a virtual unlimited autonomy allowing them to be used continuously in the city transport system. Leclanché designed and optimized the battery and charger systems for the given route and simulated their expected life, in support of the extended warranty. The battery was designed to be light and compact so that driving performance and consumption were not negatively affected.

All of the system components, such as the Siemens drive line, Leclanché batteries and conductive chargers and Bombardier inductive chargers were efficiently integrated through the efforts of our engineers. The bus fleet is now quietly transporting passengers - mainly tourists - through the beautiful city of Bruges, while Leclanché carefully reviews the

performance data fed to our cloud remote management database, ensuring the operation and long life the customer expects.

### **Commercial Progress**

In addition to the industry-leading customer wins noted, where all Business Units have won industry-leading reference projects, Leclanché announced a full range of Home and Office Storage Systems in June 2015 during Intersolar in Munich. Good progress has been made in building sales channels for these products, in particular in the UK and Switzerland. Presence on this market segment, though not a large part of the Company's turnover, is strategically vital. 'Behind-the-meter' deployments and dynamics will likely have a profound impact on the Storage Systems market.

Leclanché is focused on expanding the customer base for its Speciality Battery Systems business unit with a particular focus on replacing lead acid batteries deployed for industrial applications. For example, a pilot order has been received for all-electric Street Sweeping Machines. Upon the successful trial, this is expected to open an addressable market for thousands of such machines worldwide.

### **Production Progress**

The company commenced production of the new graphite-based cell in the first half of 2015. The first three months served as a validation period along with the establishment of all the production specifications. The first certified commercial Graphite NMC cells were made in the second quarter, and have been integrated within customer destined battery modules. The cells have now been used in several different modules and have been sent to external laboratories for third-party characterisation and validation.

The introduction of this new technology to the product set required only small changes to the existing production line, which is now capable of producing both LTO and Graphite-based technologies, with the use of third party electrodes from Litarion. Since the introduction of the graphite-based cells, the company has been validating its own electrode production in order to have the capability of producing all components in-house. This gives Leclanché more flexibility in its production and supply chain planning and also represents one of the main drivers in cost reduction efforts.

The first half of 2015 also saw the initial steps of the production of cells for the Graciosa project. The production was at first running in a single shift operation, with a second shift being implemented in late Q3. Approximately 50,000 cells were produced in H2 2015, with the majority being LTO cells; most of the production took place in Q4 when the ramp-up had taken full effect.

On the system integration side, the first half of 2015 had been predominately focused on the process definition and validation of our next generation transport modules. The modules are based on previously developed designs and are being optimised for larger volume production. These activities have been carried out at the Yverdon, Switzerland site where we intend to implement full module production.

### **Research & Development Progress**

Available market reports indicate continuous reduction in average selling price ("ASP") in the coming years; Leclanché has continued its aggressive cost reduction programs in both Cells R&D and Systems R&D.

A lot of our R&D focus in 2015 has been on cost reduction by validating new raw materials procurement and related development to increase the energy capacity of cells. This work will result in significant cost reductions at a production level during the second half of 2016.

The Electrochemistry (Cells) R&D team continued to participate in Batteries 2020, which is an EU-funded project aimed at enhancing the lifetime and energy density of lithium-ion batteries

used in electric vehicles, and validating their usability for second-life applications such as stationary storage for grid-related functions.

- The company is a consortium member of the Ambassador project, which is an EU-funded project to study, develop and experiment with systems and tools that aim to optimise district energy usage and manage the energy flows by predicting and matching energy consumption and production.
- Leclanché cells have been independently tested by Hochschule Landshut University of Applied Sciences and found to have “enormous cycling stability and capacity retention” at 100% depth of discharge. Testing has been ongoing at the institute, further validating our technology performance. The company has also been working with Hochschule Offenburg and has been running deep characterisation testing for more fundamental understanding of degradation mechanisms that could affect our LTO cells.

As previously reported, Leclanché is also working on a high voltage LTO cell, which might allow us to increase the capacity of our standard cell, significantly reducing the cost per kilowatt hour. The company has seen encouraging results in testing and the development program continues to progress well, but it is still too early to make any commitment if and when Leclanché would be in a position to launch such a cell on the market.

- The company has also been validating the performance and process ability of its in-house electrodes made for the Graphite-based cells.

The Systems R&D team continues to focus on all the technology that goes on top of the cell such as module, pack & rack, BMS, asset planning, asset management and asset service. Leclanché has obtained the cooperation with several Swiss, German and Belgian universities and research institutes to maintain the lead in state-of-the-art technology. The focus is on cost reduction programs such as a new module design, a new multi-purpose in-house BMS platform and a smart multi-asset cloud database. Initial results indicate significant cost savings can be realised in H1 2017 and beyond.

### **New Organization fully functional**

Effective since January 2015, Leclanché has been organized around three commercial Business Units, one Engineering Business Unit (BU) and one Technology and Industrial team:

**Stationary Storage Systems BU** sells to, and supports, customers requiring Storage Solutions coupled with Distributed Power Generation like PV Solar/ Wind/ Diesel Gensets and Grid Ancillary Services.

**Speciality Battery Systems BU** combines the Portable and Distribution businesses to focus delivery of Customized Battery Systems to its Customers.

**Mobile Storage Systems BU** sells to, and supports, customers requiring Storage Solutions for mass transport networks such as hybrid/full-electric fleets of Bus/Trams/Trains/ Ferries, and Industrial Machinery.

**System Engineering and Delivery BU** is responsible for Design, Project implementation and Services for all commercial Business Units.

**Technology and Industrial Team** is responsible for group-wide R & D and Production functions.

Over the past two years, Leclanché has built a world-class international leadership team with a good blend of existing personnel and new recruits. Strategic hires during the year include Stefan Louis as Chief Strategy Officer.

While the company has focused on operating as efficiently as possible in the past year, the current operating cost levels are unlikely to be substantially reduced further since this would

be incompatible with Leclanché's planned business expansion. The new growth plan, in which we have invested more than CHF 10 million in the year, has already required significant scaling of operations in sales and solutions delivery which, although incorporated within an efficient organisational structure to deliver increased productivity per person, has inevitably impacted the results and working capital absorbed within the year 2015, as outlined in the summary of financial results below.

## Financial Results

### Key Figures

<i>(in million CHF)</i>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
Revenue	18.2	10.8
EBITDA	-26.0	-16.9
Loss for the period	-35.5	-23.4
Earnings per share (CHF)	-1.20	-1.21
Number of Full Time Equivalent (FTE) Employees	159	114

Notwithstanding the new funding available from Recharge from January 2015 the overall financial performance of the Company was still adversely affected by the tight liquidity that had been experienced during the second half of 2015. Work to rebuild customer and supplier confidence, while contributing to new project wins and a growing sales pipeline, translated into new business in December 2015 with the revenue generated in the Graciosa project (CHF 9 million) so that 2015 consolidated revenues were just CHF 18.2 million, up by CHF 7.4 million or 69% compared with the previous year.

The 2015 Group EBITDA loss was CHF 26.0 million (2014: EBITDA loss CHF 16.9 million). However, this increase of EBITDA loss year on year should be read as follows:

- As stated in June 2015 interim report, thanks to the continued successful implementation of the Growth Plan and to the revenue generated by the Graciosa project, December 2015 Adjusted EBITDA was breakeven (defined as EBITDA breakeven adjusted to exclude any non-cash items and as further adjusted to exclude any negative effect of growth initiatives and activities which are separately funded under Facility B or otherwise). This major improvement was also achieved thanks to the various strategic and restructuring decisions and investments made in the year 2015, including relentless efforts to achieve cost reduction.
- 2015 EBITDA loss in percentage of Revenue is almost stable compared to 2014 with a 9% reduction. Yet adjusted EBITDA loss as defined above is showing an improvement of EBITDA loss/Revenue ratio by 25% compared to last year (-117% vs. -156%). Here too this upturn reflects the work done in reshaping Leclanché towards becoming a more efficient company.

Revenues from the Specialty Battery Systems Business, formed from the combination of the business units previously called Portable and Distribution, (SBS) were CHF 7.2 million (2014: CHF 10.0 million), down by CHF 2.8 million compared with the previous year, mainly as a result of one large long-term contract drawing to a close during 2014 and not yet being replaced by new business.

SBS has continued to recruit new sales personnel during the period and is successfully diversifying into new sectors such as medical systems and Automated Guided Vehicles (AGV) with a view to replacing this lost revenue over the course of the next 12 months. As announced in recent days, the Company's Belgium unit, formed from the acquisition of Trineuron in July 2015, has also won a large contract for supply of lithium-ion titanate batteries within AGV to be used for materials handling by a world-known brand leader.

As mentioned earlier, through a further strategic partnership with Scotia Light A/S of Denmark, the Company has introduced innovative solutions for off-grid solar-powered street lighting. This represents a promising new product range using Leclanché's lithium-ion titanate cells in a custom configuration, which has already translated into sales of 200 battery modules for off-grid street lighting masts for deployment in the demanding environment of Saudi Arabia.

Revenues in the Stationary Storage Systems Business and Mobility Business were CHF 10.8 million (2014: CHF 0.6 million), with the deliveries under major project wins such as Graciosa and E-Ferry. The E-Ferry project itself is representing an additional CHF 3.5 million revenue in aggregate, scheduled for the second half of 2016.

The Speciality Battery Systems Business generated an EBITDA loss for the year of CHF 2.1 million (2014: EBITDA loss CHF 0.8 million), as a result of reduced revenues and the increased cost from new sales personnel.

The Stationary Storage Systems Business recorded a reduced EBITDA loss of CHF 9.0 million (2014: EBITDA loss CHF 9.3 million), mainly as a result of the costs absorbed under the development programme for the EPFL project, as partly offset by further costs from the reorganisation and ramp-up of sales and marketing activities and personnel which has continued during 2015.

The new Mobile Storage Systems Business recorded an EBITDA loss of CHF 2 million for the year, reflecting the personnel and operating costs of this new division but without the revenues from project wins such as E-Ferry.

Group central costs at the EBITDA level were CHF 11.1 million for the year (2014: CHF 6.8 million), an increase of CHF 4.3 million, including the impact of Trineuron acquisition, mainly attributable to the organisational and operational restructuring needed to deliver business expansion under the new growth plan which, although incorporated within an efficient organisational structure to deliver increased productivity per person, has inevitably increased costs.

The net loss for the year was CHF 35.5 million (2014: net loss CHF 23.4 million), an increase CHF 12.1 million, as a result of an increased Group central costs EBITDA losses described above, amounting to CHF 6.8 million, together with an increase in finance costs of CHF 0.8 million, resulting from higher levels of convertible loans, the reversal of a deferred tax asset of CHF 1.1 million, a CHF 1.2 million impairment made on several capitalised project costs and a CHF 1.8 million provision to cover a dispute with a tax authority on a grant which should be reversed in the first half of 2016 following the favourable settlement we are about to reach.

The earnings per share for the year is a loss of CHF 1.20, compared to a loss of CHF 1.21 in 2014, due to a higher net loss and the higher weighted number of shares in issue when compared to the previous half-year.

Available cash and undrawn facilities at 31<sup>st</sup> December 2015 were CHF 3.5 million (2014: CHF 0.5 million). In addition, CHF 2.3 million was undrawn from the Facility B under Recharge A/S convertible loan. Further on 7<sup>th</sup> March 2016, the Company announced a new Convertible Loan of CHF 20 million with **ACE Core Convictions Ltd. (ACE & Company)**.

## Outlook

We are now uniquely placed in the energy storage market as manufacturer of both power-intensive LTO cells and energy-intensive G-NMC cells. Secondly, we are now able to deliver a complete turnkey systems solution (including battery packs, design engineering, systems

integration, software and EPC). Our move downstream in the value chain has been very successful and is core to our growth strategy.

Going forward, we aim to enhance our current organization around the following strategic pillars:

- Electrochemistry, in particular around LTO cells
- Mechanical and electronics systems hardware, such as inverters
- Energy storage systems software
- Customer applications for grid-scale stationary and mass eTransport and industrial applications
- Project management as well as engineering, procurement and construction capabilities

We are seeing an increasing number of opportunities in the market with increased activity in particular around large-scale energy storage solutions for both grid-scale electricity and mass eTransport segments. We are very excited about the opportunities, particularly around Micro-grid/ energy islands, the grid ancillary services market and eTransport, and we are confident that we can deliver 30 MWh or more of solutions this year (up from 5 MWh last year).

International expansion remains a top priority for us and we will continue to pursue strategic alliances to establish a strong go-to-market and delivery partnership in the following markets: US, Canada, China, India and South Africa.

Subject to the availability of funds, we intend to carry out selected M&A and / or strategic alliances to complement and enhance our strengths in the abovementioned areas. More details shall be provided during the course of the year.

We anticipate that, subject to the continued successful implementation of the Growth Plan and timely payments from the IESO project in Canada, current funding facilities in place will satisfy the Company's working capital requirements for the year 2016.

To support the current momentum toward sustainable and profitable growth, in particular delivering integration and services in both secured large projects and the new large projects in the pipeline, the Company and its Board have decided in principle to launch a Large Capital Raise using the shares to be authorized by the AGM and by the EGM held in January 2016. We are targeting this raise to be around CHF 70 million, including CHF 20 million for select merger/acquisition transactions. The goal is to raise CHF 50 million in equity to finance our growth over the next two years plus CHF 20 million in loans to finance mergers and strategic acquisitions. The Large Capital Raise project was launched in February 2016 with an end 2016 targeted completion date.

In parallel Leclanché has announced on the 6th of March 2016 the signature of a CHF 20 million facility for medium term growth financing whereby ACE & Company: buys the current outstanding convertible loan from Recharge A/S; extends the current convertible loan agreement with a new committed CHF 10 million as Facility C; and has agreed to raise further CHF 10 million on a best efforts basis. These proceeds will support growth investments related to the 53 MWh grid ancillary services project for IESO Ontario.

Key Risks and Mitigation:

A large-scale industrial ramp-up is well underway: after registering industry-leading commercial success in the year 2015, as reported above, we have increased our focus on mitigating the execution risk associated with delivery of such large projects, including ramping up the production to the highest level since the facility was put in place. That said, the execution risk remains high. As mentioned we are committed to deliver 30 MWh or more in the year 2016, which is 6 times more volume than in 2015.

A large-scale Organizational ramp-up is well underway: we will continue to ramp-up staffing in all critical areas, in particular in engineering and customer project delivery. We have recruited key personnel in the US and are building the project team to deliver the IESO project in Canada.

Large capital raise mentioned above is crucial to step up the investment in all key areas, in particular R&D; production volume increase; project engineering and management; and sales & marketing.

The financial results in the year 2015 do not yet reflect the positive impact of customer orders won and acquisitions made by the Company. We are encouraged by the progress and excited by the challenges and opportunities ahead of us.

Finally, as announced on the 7th of April 2016, our Cells production factory in Willstätt Germany suffered a fire accident in a section of the factory. The local firefighting brigades extinguished the fire. Measurements of the firefighting brigades have shown no health risks for the people in the vicinity of the factory. No personnel were hurt. The cause of the fire is still under investigation. While, the production in Willstätt has been stopped, Leclanché has activated the contingency plans in place and is confident to meet all its delivery commitments to customers, in particular for the IESO Ontario project in Canada.

We would like to conclude by expressing our thanks to all our employees, and to our shareholders for their support during this period. We look forward to continuing to build Leclanché's future with them and with you all.

#### **Publication of results**

Leclanché SA published today its annual report which is available in pdf format on the Company Web site:

[www.leclanche.com/investor-relations/financial-reports-publications/annual-reports](http://www.leclanche.com/investor-relations/financial-reports-publications/annual-reports)

#### **Analyst and investor webcast**

After the AGM scheduled on Wednesday the 4<sup>th</sup> of May 2016, a live audio webcast will be accessible for analysts and investors on Monday the 9<sup>th</sup> of May 2016 at 14:15 CET (13:15 GMT/ 8:15 EST).

Analysts and investors wishing to ask questions during the conference are invited to register with the investor relation team by email: [investors@leclanche.com](mailto:investors@leclanche.com)

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#### **About Leclanché**

Leclanché SA, listed on the Swiss stock exchange (SIX:LECN), has a wide range of energy storage solutions for homes, small offices, large industries, electricity grids, as well as hybridization for mass transport systems such as fleet of buses, trams, ferries, etc. Established in 1909, Leclanché has been a reliable partner for battery energy

storage solutions for over 100 years. Founded in the tradition of Georges Leclanché, the inventor of the dry cell battery, Leclanché today has a rich portfolio of Battery Energy Storage Systems (BESS) that include bespoke battery systems from industry leading lithium-ion solutions. Since 2006, the company evolved from a traditional battery producer into one of the first developers, manufacturers and providers of lithium-ion cells in Europe. Leclanché's BESS are optimized for various applications, in particular for the integration of renewable energy, diesel fuel reduction, electricity grid-connected ancillary services, peak power shaving for heavy industries, as well as for heavy duty transportation in buses, trams, trains or maritime vessels. Leclanché products are characterized by a very high cycle stability (both for cells with titanate and graphite anodes) and industry-leading long service life. Thanks to our patented separator technology, which is a core element of lithium-ion batteries, Leclanché is able to make cells with very good safety characteristics, under a highly automated production process. Leclanché operates a fully automated plant for the production of large format lithium-ion cells at an annual maximum capacity of up to one million cells and is capable of running multiple chemistries through production for different cell characteristics. In addition, Leclanché offers a number of specialized battery systems through its Portable Business Unit, such as customer-specific energy storage systems for defence and medical applications. Leclanché also distributes primary and secondary batteries and accessories of other producers.

Leclanché, which is quoted on the Swiss stock exchange. SIX Swiss Exchange: ticker symbol LECN | ISIN CH 011 030 311 9

## Disclaimer

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