
Press Release

Leclanché SA secures CHF17 million medium term financing

Bruellan to convert CHF6.8 million loan into equity

**Leclanché SA announces First Half Revenues and provides
Guidance and Business Update**

Yverdon-les-Bains, Switzerland, July 9, 2013

Medium Term Financing

Leclanché S.A. (SIX Swiss Exchange : LECN), which specializes in the production of large-format lithium ion cells and energy storage solutions, announces today that it has signed a Senior Secured Convertible Loan Agreement for CHF17 million ("Loan Agreement") maturing in June 2016 from Precept Fund Management SPC on behalf of Precept Fund Segregated Portfolio ("Precept" or "Lender"). This financing has been secured after a long and difficult fund raising effort.

The Loan Agreement carries an interest rate of 2% per annum which will be capitalized and added to the total loan amount due at maturity together with a fee of CHF 500,000. The Loan is convertible into ordinary shares of the Company at the Lender's option at any time during its term at an effective conversion price of CHF 1.50 per share. If the Loan is not converted at its maturity date it may be extended at the Lender's option or otherwise repaid by the Company. The Loan Agreement includes certain covenants that limit, among other things, the Company's ability to incur additional debt and enter into certain contractual arrangements without the Lender's consent. In addition, the Loan is secured by the assets of the Company and will further benefit from security over the shares and assets of its subsidiary, Leclanché GmbH, once the Bruellan loan has been converted. Precept shall also be entitled to nominate two members to the Board of Directors, who will be Mr. Bryan Urban and Mr. Jim Atack. Mr. Urban has over 20 years of energy development, finance and operational experience covering a broad array power generation and energy infrastructure assets in the Americas and Asia/Pacific, and Mr. Atack recently retired as Director of Strategic Development at a UK international oil services company, Petrofac Plc.

The Loan Agreement further provides for certain other super majority rights, including board representation that constitutes at least one third of the board at all times, higher thresholds for board approval of certain corporate actions and first right of refusal to underwrite any equity issuance (subject to certain rights of shareholders). In addition to customary events of default, the Loan Agreement also provides that if the Company is unable to convene an Extraordinary General Meeting that approves the proposals relating to the refinancing (as described below), or if the resolutions are challenged, or if the registration of the resolutions in the commercial register are blocked, then an event of default will be triggered following a customary cure period. Additionally, an event of default will be triggered if the Swiss Takeover Board does not provide the Lender with an exemption from, or alternatively confirm that it is not subject to, the obligation to submit a public tender offer.

The Company has issued a draw down notice for the first tranche of CHF4.7 million (“First Draw Down”) under the Loan Agreement, part of which shall be used to repay in full the EUR1million amount outstanding under the additional EUR1.5 million facility provided by Bruellan, which was announced by the Company on June 28, 2013. This additional facility will not be fully drawn down.

The original loan made by Bruellan of EUR5 million, which was announced on November 23, 2012, has been further extended to mature on the earlier of the date that the resolutions of the Extraordinary General Meeting are passed or 30 September 2013, provided that if no EGM is held by 31 August 2013 or such later date as may be agreed with Bruellan, the Loan will become immediately payable. The balance of the Bruellan loan, approximately CHF 6.8 million, will be converted into equity at the same conversion price as that applicable to Precept.

Precept has also elected to convert the First Draw Down into equity, provided that the Swiss Takeover Board provides the Lender with an exemption from, or alternatively confirms that it is not subject to, the obligation to submit a public tender offer.

The Company will invite for an extraordinary general meeting to be held on or about 26th August 2013. At the extraordinary general meeting shareholders will be asked to approve (i) a reduction of the share capital of the company by way of par value reduction to CHF2.11 per share, (ii) the issuance of 4,602,237 new shares in favor of Bruellan in connection with the conversion of the Bruellan loan, (iii) the issuance of 3,142,385 new shares to Precept in connection with the conversion of the First Draw Down, (iv) the creation of conditional share capital and authorized share capital in the maximum amount of CHF 12, 457, 433.67 and 14,075,360.57, respectively, in order to enable the Company to issue new shares if and to the extent Precept makes further conversions under the Loan Agreement, (v) the election of Precept's two representatives to the Board of Directors and (vi) an opting out provision which exempts an acquirer of shares to make a mandatory public tender offer pursuant to the Stock Exchange Act. The invitation with the respective agenda items and proposals will be published in due course.

Commenting on the successful closing of this medium term financing, Mr. Rolf Eckrodt, Chairman of Leclanché said: *“We are delighted that the Company has secured this CHF17million medium term financing which provides it with sufficient liquidity to pursue its product development and reach commercial deployment of its exciting lithium-ion titanate product range for the home and industrial markets. We warmly welcome Precept as a financial partner and are grateful to Talisman Infrastructure Ventures LLP, who are leading our turnaround and who facilitated the introduction of Precept. It has been a long and difficult process to secure financing for our Company at this stage of development, and I wish to personally thank our senior management and all our staff for their perseverance and dedication in seeing the Company through this difficult period. We can now look forward to an exciting road ahead to make Leclanché one of the leading technology players in the energy storage market”*

Mr. Steve Barber, Chairman of Precept Investment Management Limited, the investment manager of Precept Fund Management SPC said: *“I am delighted and excited that we were able to conclude this financing program with Leclanché, which will allow the Company to finance its turnaround plan and create a solid platform for future growth in all business sectors of the company at a time when the market for energy storage technologies is poised for dramatic expansion. We are long-term, active participation, value investors and look forward to not only actively assisting in its turnaround and future growth plans, but also to a long and rewarding relationship with Leclanché which has such an august history in the battery storage industry. Most importantly, this financing program is very synergistic for*

our fund, and marks our second investment in the energy storage sector globally, which is projected to be a \$60 billion market by 2020.

Half Year Results

The Company also announces today that its unaudited revenues for the six months ended 30 June 2013 were CHF7.30 million as compared to CHF8.43 million for the same period last year, down by 13.5%.

Guidance

The Company expects that operating losses for the first six months will not exceed CHF5.5 million, compared to CHF4.45 million in the same period last year, before the deduction of interest, tax, depreciation and amortization. Overall for 2013, and subject to the continued execution of its turnaround plan, the Company expects that operating losses before interest, tax, depreciation and amortization deductions will be below CHF10 million compared to CHF12.9 million in 2012. With the funding secured from Precept, and subject to the receipt of the relevant shareholder approvals and Swiss Take Over Board exemption, the Company will be able to proceed with the execution of its turnaround plan and expects to break-even during 2015 (before interest, tax, depreciation and amortization deductions). However, these projections remain heavily dependent on a successful launch of the Company's stationary product range and the continued execution of the turnaround plan.

Business Update

The Company expects to launch its storage module HS3200 destined for the residential market in Quarter 1, 2014 and its industrial storage systems in the first half 2014.

Leclanché's large-format lithium-ion cells, the 17300 format cells which are manufactured on its new production line in Willstätt, have fulfilled a number of validation tests and have met expectations in terms of safety, cycle count and electric performance. At the same time, the company has assembled the first home storage modules (HS3200 modules), which are now in the test phase. These are expected to be available for commercial launch in Quarter 1, 2014. The industrial storage systems using the large-format lithium-ion cells will be developed in conjunction with a third party partner and is expected to be available for commercial launch in the first half of 2014.

The Company further announces that progress has been made in resolving the speed issue on its new production line. The problem affecting one specific production step has been identified and was due to a crucial machine component that was out of specification. This issue has now been corrected and successfully tested. The solution is currently in validation phase and the issue is expected to be resolved in Quarter 3, 2013.

In addition, the Company has made progress in the development of electrodes using high voltage cathode materials. The development of this next generation product range follows the Company's product development road map objectives. However, the ongoing development of this product and its commercial availability remain uncertain, and the Company makes no commitment as to if and when this product will be incorporated into commercial production.

About Leclanché

Leclanché's strategy is to become one of the leading lithium-ion cell producers and solution providers for renewable energy storage systems in Europe. Its strategic priorities are stationary home electrical energy storage applications and expansion into the stationary industrial and grid electricity storage markets. Through participation in research consortia focusing on hybrid and E-mobility applications, Leclanché is positioned to take advantage of new market opportunities.

Through a unique, patented ceramic separator technology and focus on lithium-titanate technology, Leclanché manufactures large-format lithium-ion cells, optimized for safety and cycle-life, in a fully automated production process. The newly installed production line will have an annual capacity of one million cells or 76 MWh.

Leclanché was founded in 1909 in Yverdon-les-Bains. Through the integration of a spin-off from the Fraunhofer-Gesellschaft in 2006, the company evolved from a traditional battery manufacturer to become a leading developer and manufacturer of lithium-ion cells in Europe. Leclanché currently employs 120 staff and is listed on the SIX Swiss Exchange (LECN). The company has its headquarters in Yverdon-les-Bains (Switzerland) and production facilities in Willstätt (Germany).

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Disclaimer

This press release contains certain forward-looking statements relating to Leclanché's business, which can be identified by terminology such as "strategic", "proposes", "to introduce", "will", "planned", "expected", "commitment", "expects", "set", "preparing", "plans", "estimates", "aims", "would", "potential", "awaiting", "estimated", "proposal", or similar expressions, or by expressed or implied discussions regarding the ramp up of Leclanché's production capacity, potential applications for existing products, or regarding potential future revenues from any such products, or potential future sales or earnings of Leclanché or any of its business units. You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of Leclanché regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that Leclanché's products will achieve any particular revenue levels. Nor can there be any guarantee that Leclanché, or any of the business units, will achieve any particular financial results.