

Yverdon, Switzerland, 3 September 2015

Leclanché builds momentum towards step-change

- **Interim results announced today. They do not yet reflect the positive impact of the series of major Customer wins, acquisitions and partnership agreements since the start of 2015.**
- **Thanks to strong support from Recharge ApS, substantial debt reduction achieved through conversion of CHF 22 million into Leclanché shares**
- **Signed contracts have led to production ramp-up during this period and point to a significant order backlog by the end of this year.**
- **Far-reaching industrial and commercial transformation is underway.**

Leclanché is taking its momentum up by several levels with a string of successes in the first half of the year. Simultaneously, Leclanché is undergoing a transformation from a mere producer of battery Cells (even high-performance ones) into a global leader in sophisticated energy storage systems with a software-and-services led vertically integrated business model. The strategy developed by the new CEO, which has received strong support from its major shareholders, gives Leclanché access to a wide range of high growth new markets.

Leclanché has successfully completed the installation of a 500 KWh solar power storage unit at the Ecole Polytechnique Fédérale de Lausanne, an important reference reinforcing its credibility.

The Company is currently implementing a major micro-grid project. In partnership with Younicos on Graciosa Island, in the Azores, the project is to install the world's first renewable energy power plant with a megawatts-scale energy storage system. This system shall be a benchmark for all future island projects on all five continents: by stabilising the grid with a reduced use of a traditional thermal engine, it will supply power that is more than 60% renewable (wind and solar).

Leclanché has signed a strategic partnership with Visedo Oy (Finland) to develop a battery management system (BMS) combining Visedo's Drive/ Power Train systems expertise with Leclanché's battery systems. This partnership will provide a decisive innovation in delivering 30-40% more efficient Electric Drive Trains for mass transport vehicles and heavy industrial machineries like Buses; Ferries; Trams; Mining Equipment etc.

As a clear stamp of approval for Leclanché and Visedo's industry leading innovation, the combined solution has already been chosen for the world's largest electric-propulsion ferry, ÆRØ FERRY, which will be equipped with a 4.2 MWh Leclanché battery system – a record in terms of capacity.

Named as one of the five main projects of the European Union's Horizon 2020 programme for research and innovation, this Danish project aims to guarantee local populations access to environmentally friendly transport.

Meanwhile, the partnership with Litarion, a subsidiary of the Electrovaya group, will enable two of the largest European producers in this sector to sell market-leading electrochemical storage systems, as the combination of Litarion's graphite/NMC electrode production and Leclanché's cutting-edge Cells production know-how, including its Ceramic safety separator technology will provide unparalleled performances.

Leclanché is continuing to deepen its vertical integration of storage technologies, from cell manufacturing to the design and production of complete systems. The acquisition announced in July of Trineuron, a subsidiary of the Belgian group Emrol, adds specialized Battery Modules and Cloud Services Platform to Leclanché's portfolio. In addition, it provides access to other market applications including Automated Guided Vehicles (AGVs).

In August, Leclanché announced acquisition of the design and intellectual property rights for module and battery management system of ADS-TEC, a German company. This insourcing of all design and perpetual IP rights includes mechanical design of modules; all electronics hardware for Battery Management; and Source code of the software for Battery Management System. A gradual transfer of Production knowhow is planned to set up an Assembly facility in Yverdon-les-Bains in Switzerland.

This succession of agreements or acquisitions gives Leclanché control of all aspects of the technology, from cell production to the design of full systems, as well as module assembly and installation. Leclanché is thus boosting both its competitive edge and its margins, while delivering optimised "best-in-class" solutions for a very broad range of stationary and transport energy storage applications.

In parallel, Leclanché has boosted its commercial policy. In partnership with the Danish company Scotia, an important contract for solar-powered public lighting in Saudi Arabia has just been announced. The lithium-ion titanate battery module, which is built into its support mast, can withstand temperatures ranging from -20 to 55 degrees Celsius. This is a big first that opens up considerable market potential.

Through its acquisition of Trineuron, Leclanché has won a major order for supplying Battery Systems for Automatic Guided Vehicles to globally known company. This customer was looking for batteries that were more environmentally friendly (lead- and cadmium-free) and can handle fast charging to reduce operating costs.

Obviously, such a scale and speed of development makes it more difficult to reduce costs, although management is seeking to make its marketing more effective, to optimise productivity, and to allocate resources more optimally.

In addition, expanded sales forces have clearly focused on the most promising projects rather than traditional products. This growth strategy has required Leclanché to invest, especially in human

resources, and this also weighed on the results of the first half of 2015, given that Leclanché's first major successes will not begin to pay back until the second half of 2015 and, into 2016. The net loss at the EBITDA level thus came to CHF 8.94 million, a CHF 1.36 million decline from the previous half-year (which showed an EBITDA loss of CHF 7.58 million).

The management, the Board of Directors and Leclanché's major shareholders were well prepared for this unavoidable loss and are encouraged by booked orders in the same period (Graciosa and Electric Ferry) which will already translate into aggregate revenues of some CHF 13 million from deliveries towards the end of 2015 and into 2016. So much so that management maintains its belief that Adjusted EBITDA breakeven* will be achieved in the closing months of this year.

Four contributions to financing this far-reaching industrial ramp-up are proof of Leclanché shareholders' confidence and their firm belief in its future potential:

- In January, Recharge Aps subscribed CHF 21 million in convertible loans for both operating costs and the capital needed for investments in growth;
- Recharge also spent CHF 5 million to purchase the convertible loan held by Oakridge Global Energy System and this was then fully converted into shares by May 2015;
- Universal Holdings and Bruellan agreed to extend their bridge loans, which had otherwise been due to mature in June;
- In July, Recharge converted CHF 16.8 million of its convertible bonds into shares, thus cutting into Leclanché debt considerably. At this time, Recharge also provided an additional CHF 5 million of Growth funding.

The Board of the Company wishes to thank the Leclanché team, and all trading partners, for the tremendous progress achieved in the current period and looks forward to the fruits of this labour for all stakeholders in the second-half of 2015 and beyond.

** As previously recorded, 'Adjusted EBITDA breakeven' is defined as breakeven at the EBITDA level, after adjustment to exclude of any non-cash items and as further adjusted to exclude the negative effects of any growth initiatives and activities which are separately funded under Facility B or otherwise.*

Detailed results: www.leclanche.eu

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About Leclanché

Leclanché, which is listed on the Swiss stock exchange (SIX:LECN), has a wide range of storage products for homes, small offices, large industries, electricity grids, hybridization for mass transport systems like fleet of buses, trams etc. Established in 1909 Leclanché has been a reliable partner for battery storage technologies. Founded in the tradition of Georges Leclanché, the inventor of the dry cell battery, Leclanché today has a rich portfolio of Energy Storage Systems that include Specialized Customer-specific Battery Systems to industry leading lithium-ion solutions. Through the integration of a spin-off of the German Fraunhofer Institute in 2006 the company evolved from a traditional battery producer into one of the first developers and manufacturers of lithium-ion cells in Europe. Leclanché's Storage Solutions 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 but also 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 anode) and 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 in 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 defense and medical applications. Leclanché also distributes primary and secondary batteries and accessories of other producers.