

## **MINUTES OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF LECLANCHÉ S.A. (CHE-105.950.820)**

Tuesday 11<sup>th</sup> December 2018 at 10:00 am CET  
Y-Parc, Rue Galilée 11, CH-1400 Yverdon-les-Bains

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The Chairman of the Board of Directors, Mr. Jim Atack, opened the meeting at 10:00, welcomed shareholders and other attendees, and introduced the members of the Board, Executive Management, and officials.

Present from the Board of Directors were: Mr. Jim Atack (Chairman), Mr. Stefan Müller, Mr. David Ishag and Mr Tianyi Fan.

Also present were the members of the Management: Mr. Anil Srivastava (Chief Executive Officer - CEO) and Mr. Hubert Angleys (Chief Operating Officer and Chief Financial Officer – COO CFO).

The Auditors, PricewaterhouseCoopers SA, were represented by MM. Yves Cerutti and Patrick Wagner.

The independent representative of the shareholders, Mr. Manuel Isler, attorney-at-law, was present.

Mr. Gabriel Cottier, notary public, was present to notarize item 1.2, 1.3, 2.2 and 2.3 of the agenda.

The formal part of the extraordinary general meeting (EGM) would be divided into two parts:

- An overview of the 2018 business year and 2019 outlook, by Mr. Anil Srivastava
- Agenda items 1 – 2 will then be addressed by the Chairman as per the extraordinary general meeting agenda.

The Chairman asked Mr. Srivastava to proceed with an overview of the past year's performance, current status of the business, and plans for the future.

### **Part 1: Business update**

Presentation by Mr. Anil Srivastava regarding business achievements and upcoming outlooks.

A shareholder asked about the global strategy of the Company and Mr. Srivastava explained that Leclanché was focused on both stationary and transportation businesses.

Another shareholder wanted to get insights on the profitability of the transportation business. Mr. Srivastava answered that average margin is around 22% in this business and confirmed that Leclanché projects will generate more margin than average.

Mr. Antoine Spillmann representing Bruellan Corporate Funds (Bruellan) thanked Mr. Srivastava for his business presentation. As Leclanché business is growing in India, he was wondering if Leclanché had held discussions with Warren Buffet, who is also investing in this country? He then asked for the acquisition price of the EMS, considering the importance of this technology in Leclanché projects. Finally, he wanted additional explanations on the potential Rights Issue discussed between Board members. Mr. Srivastava confirmed that he would be happy to have any introduction to Mr. Buffet.

The EMS software acquisition was announced twice to the market, with an acquisition price under ten million US dollars. The Chairman confirmed that the Rights Issue question would be specifically addressed later on, during the meeting.

Finally, a shareholder wanted to have an update on Willstätt cell capacity rebuilding and to ensure Leclanché had the production resources to come back to full capacity. Mr. Srivastava confirmed that it is a demanding undertaking which is considered as a major priority for Leclanché. Willstätt plant is designed to accept additional new infrastructure; recruitment of engineers is under way to ensure the future production of cells.

The Chairman asked if any participant had additional questions, and as none were raised, he thanked Mr. Anil Srivastava and proposed to move to the second part of the meeting.

## **Part 2: Official part as per published agenda**

The Chairman took back the chair.

The Chairman appointed Mr. Jean-François Stenger, Leclanché SA, as Secretary to keep the minutes of the EGM.

The Chairman appointed Mrs. Nathalie-Claire Altherr and Mr. François Jaeger as scrutineers.

The Chairman stated that the EGM was called according to the Articles of Association, and the statutory provisions, by a publication in the Swiss Official Gazette of Commerce on 20<sup>th</sup> November 2018 and by letter to all shareholders registered in the share register at close of play on the 4<sup>th</sup> December 2018.

The Chairman asked if anyone had objections to these statements; no objections were raised.

The Chairman noted that the current share capital of the Company amounted to CHF 121'023'811.50, divided into 80'682'541 fully paid-up registered shares with a nominal value of CHF 1.50 each.

The representation was as follows at 10:00:

- The shareholders were representing 55'051'676 shares
- The Independent Proxy, pursuant to article 689c of the Swiss Code of Obligations, was representing 2'547'456 shares
- In total, there were 57'599'132 shares votes represented with an aggregate nominal value of CHF 86'398'698.00, which corresponded to 71.39% of the total share capital.

The Chairman noted that the proposals to be resolved under agenda item 1 requires a qualified majority of 2/3 of the share votes represented, i.e. 38'399'422 share votes and CHF 57'599'133.00 of nominal value, and agenda item 2 require a simple majority of the share votes represented, i.e. 28'799'567 share votes and CHF 43'199'350.50 of nominal value.

The Chairman asked if anyone had objections to these statements; no objections were raised. A shareholder asked for the number of shareholders present at the EGM. He has been answered around 60 shareholders.

The Chairman stated that according to Article 14 of the Articles of Association of the Company, the Chairman determines the procedural rules of the shareholders meeting. On this basis, the Chairman declared that votes would be taken by show of hands. Voting coupons were distributed with the admission card, in case they were necessary for a vote by ballot.

The Chairman added that the shareholders would have the opportunity to address the meeting at each agenda item. Speakers should state their name clearly and, if relevant, the name of the shareholder they represent. Statements could be made in French or English.

The Chairman also noted that:

- Mr. Isler, the independent representative of the shareholders, would vote according to the instructions received from the shareholders. So, for the same vote, he might have to raise his hand repeatedly, if the represented shareholders have given him differing instructions;
- Shareholders who opposed or abstained from any of the following proposals may record their votes in the minutes under specification of their name, address and the number of represented shares.

On the basis of all these statements, the Chairman declared the EGM duly constituted and authorized to validly resolve on the agenda items.

The Chairman asked if anyone had objections to these statements.

No additional questions were raised.

The EGM proceeded to the items listed in the published agenda.

## **1. Financial Restructuring of LECLANCHÉ S.A.**

### **1.1 Overview of Financial Restructuring and Proposed Measures**

The Chairman stated that this agenda item does not require a vote.

He explained that since the Company is in a negative equity situation (i.e. it is over-indebted in the sense of Article 725 para. 2 of the Swiss Code of Obligations (CO)), it must be financially restructured.

The Board of Directors has evaluated different options and developed a financial restructuring proposal to improve the financial situation of the Company as well as to provide more flexibility for financing and raising capital by the Company in the future. This proposal comprises two items:

- i. a conversion of existing debt in the amount of CHF 54'691'996.50 into equity through an ordinary capital increase. This measure is referred to as the "Debt-to-Equity Conversion".

The debt of CHF 54'691'996.50, which shall be converted into equity, is currently owed by the Company to Finexis Equity Fund SCA ("FEF") and certain of its sub-funds and affiliated companies (together "FEFAM").

Following the agreement in principle between the Company and FEFAM and in view of the envisaged Debt-to-Equity-Conversion, which would result in a FEFAM shareholding of approx. 64.3%, FEFAM has filed an application with the Swiss Takeover Board ("STOB") for exemption from the requirement to make a public takeover offer upon FEFAM exceeding a 49% holding of voting rights and shares in the Company. The STOB has approved the exemption on 27 November 2018, which the Company has disclosed by way of a press release on 3 December 2018. The STOB approval is effective at the end of the five-trading day appeal period unless an opposition has been raised. To the knowledge of the Company no such opposition has been raised to the STOB.

- ii. a partial amendment of the Company's Articles of Association in relation to the Authorized share capital (article 3<sup>quater</sup>) and Conditional share capital (article 3<sup>ter</sup> and 3<sup>quinquies</sup>) for financing purposes. This measure is referred to as the "AoA Amendment",

the Debt-to-Equity-Conversion and the AoA Amendment constitute, together, the Restructuring Plan, as mentioned in the invitation to this extraordinary general meeting.

The Chairman said that the Board of Directors is of the view that given the Company status, these measures are necessary

- to cure the negative equity, to stabilize the balance sheet and to improve the ability of the Company to raise capital and funding from investors; and
- to reduce the risk of involuntary liquidation of the Company (e.g. through a bankruptcy or otherwise).

The Chairman stressed that these measures would immediately address the Company's balance sheet issue, however, would not directly provide additional funding or capital which is required to support the Company's growth plan.

The Chairman opened the discussion about this agenda item 1.1

A shareholder asked for clarification on FEFAM signification. Mr. David Ishag explained that FEFAM means a sum of different sub-funds: AM INVESTMENT SCA, SICAV-SIF - Liquid Assets Sub-Fund, FINEXIS EQUITY FUND - Renewable Energy Sub-Fund, FINEXIS EQUITY FUND - Multi Asset Strategy Sub-Fund, FINEXIS EQUITY FUND - E Money Strategies Sub-Fund (also called Energy Storage Invest) and, all these funds being in aggregate the main shareholder of Leclanché, hereunder referred to as "FEFAM".

Mr. Antoine Spillmann provided additional clarification by explaining that FEFAM was similar to Bruellan Corporate Funds. They are institutional funds with numerous and various investors. The Chairman thanked Mr. Antoine Spillmann for the clarification.

Another shareholder addressed a question to the CFO, Mr. Hubert Angleys, asking for the balance sheet situation before and after the capital increase. Mr. Hubert Angleys explained that the first positive impact is a reduction of the debt close to 65% with an immediate favourable effect on the interest expense of the Company. The second positive impact will allow to move back to a positive equity situation. After conversion, it will remain around thirty million of debt, representing 25% of the balance sheet.

The same shareholder was then asking for the amount of negative equity and the amount of positive equity after the conversion. Mr. Angleys replied that the negative equity is around thirty million as of today, and consequently, the equity will be assumed to be positive by around twenty million after conversion.

Mr Spillmann asked for a proforma balance sheet following the conversion. Mr. Angleys answered that this document had not been included in the EGM package, but the Chairman confirmed that the Company would be able to provide this document after the meeting, if required.

Finally, a shareholder wanted to know the name of the lender asking for interest at 6%. Mr. Angleys explained that all the loans the Company will convert have been granted by FEFAM. Considering the balance sheet structure and the refusal of commercial banks to finance the Company, a 6% rate is considered as acceptable by the Company.

Since there were no additional questions, the Chairman proposed to move to the next agenda item.

## 1.2 Ordinary Capital Increase for Debt-to-Equity-Conversion

The Chairman stated that the Board of Directors proposed to increase the Company's share capital in the amount of CHF 54'691'996.50 from CHF 121'023'811.50 to CHF 175'715'808.00 by way of an ordinary capital increase, as follows:

- Entire nominal amount by which the share capital is to be increased: CHF 54'691'996.50
- Amount of contributions to be made: CHF 54'691'996.50
- Number, nominal value and type of new shares: 36'461'331 registered shares at a nominal value of CHF 1.50 each
- Preferential rights of individual categories: none
- Issue amount: CHF 1.50 per share
- Start of eligibility of dividends: entry date of the capital increase in the Commercial Register
- Type of contribution: CHF 54'691'996.50 by way of set-off against claims for 36'461,331 fully paid-up registered shares at an issue price of CHF 1.50 per share
- Special benefits: none
- Restriction on transferability: as per the articles of association
- Pre-emptive rights: the entire nominal increase of CHF 54'691'996.50 will be subscribed by the FEFAM-Creditors (as mentioned and detailed in the invitation to this extraordinary general meeting), which is why the pre-emptive rights of shareholders for all 36'461,331 newly issued shares are excluded.

The Chairman explained that the Company is currently over-indebted; however, sufficient subordinations of existing claims have been granted by the creditors in the sense of article 725 para. 2 CO. For improving the financial status of the Company and its balance sheet position with the aim to eliminate the over-indebtedness, the Debt-to-Equity-Conversion is proposed. In order to implement the Debt-to-Equity Conversion and to issue the required number of new shares to the Creditors, it is necessary to increase the Company's share capital in the amount of CHF 54'691'996.50, thereby excluding the pre-emptive rights of shareholders. As discussed on agenda item 1.1, the implementation of this conversion through the increase of the share capital is subject to the final approval of FEFAM's exemption request by the STOB.

The Chairman confirmed that the Board of Directors is convinced that the Debt-to-Equity-Conversion is an appropriate and adequate financial restructuring measure to cure the negative equity. Given the Company's over-indebtedness situation, the need to obtain a proportionate underwriting commitment from all shareholders and the reluctance of financial institutions supporting the Company in this exercise to attract new investors, the Board of Directors concluded that organizing now a rights issue open to all shareholders, was not a viable option.

The Chairman opened the discussions on this agenda item.

A shareholder wondered if there is a financial advantage to vote positively to this agenda item. The Chairman answered that under this agenda item there is no proposal to improve the situation of shareholders. This proposal has the only objective to cure the negative equity.

Another shareholder asked if these new shares can be sold anytime on the market after conversion. Mr. Angleys replied positively, confirming that there is no lock-up period.

Since there were no additional questions, the Chairman proceeded to the vote.

The Chairman declared that the proposal of the Board of Directors had been endorsed, with 57'541'653 votes "yes", 62'282 votes "no" and 41'447 abstentions.

### **1.3 Partial Amendment of Company's Articles of Association (Conditional and Authorized Share Capital)**

The Chairman stated that the Board of Directors proposed to amend the Company's Articles of Association as described in the invitation to this EGM.

He added that following the feedback from the commercial register there were some purely typographical changes necessary in the original French version of the articles of association. A handout of the revised final version reflecting these typographical changes was made available to the shareholders at the entrance of the EGM.

The Chairman explained that as part of the Restructuring Plan, the proposed partial amendment to the Articles of Association serves the following purpose:

In order to be able to fund the Company and raise capital in the future in an efficient, flexible and expeditious manner under specified circumstances and within a clear framework, the Board of Directors proposes certain amendments to the provisions regarding the authorized share capital (article 3<sup>quater</sup>) and conditional share capital (article 3<sup>ter</sup> and 3<sup>quinquies</sup>), which are available and may be used for specified financing and certain other purposes.

The suggested amendments aim at giving the Board a reasonably high level of flexibility in the use of Authorized and Conditional capital. The proposed new provisions include, amongst others, abstract descriptions of situations in which the Board may be authorized to limit or withdraw the pre-emptive rights – in the case of authorized capital – or the advance subscription rights - in the case of conditional capital of the Company's shareholders, provided the assessment on a case-by-case basis justifies such withdrawal or limitation.

The proposed amendments aimed at clarifying, supplementing and specifying the potential use of the respective forms of capital, for example, for private placements, for increasing the shareholder constituency, for financing and financial restructuring purposes, thereby also providing for and setting clear guidelines to the Board of Directors. Since the Company plans to expand its activities and operates a capital-intensive business, requiring often substantial advance investments, the Board of Directors is requesting the shareholders to approve the proposed changes to the Company's Articles of Association.

The Chairman opened the discussions on this agenda item.

Mr. Antoine Spillmann raised his previous questions about the future Right Issue and expressed his concerns about the incoherence of this agenda item vote. The Chairman stated that up until now, this Company has not been able to raise money on the market considering its financial situation. Leclanché is in a growth mode, expanding its production capacity and is now a different company compared with June 2018. The Board believes there will be a possibility of a Rights Issue in the near future as Leclanché has reduced its debt significantly after the conversion and has a single shareholder that supports this initiative.

Mr. Spillmann added that based on the STOB report, FEFAM is happy to be diluted and sell the shares to another investor. He is wondering why, with the extra shares of FEFAM, the Board supports the withdrawal of the pre-emptive rights of the shareholders. The Chairman

answered that it has more to do with the ability to raise more capital through a potential private placement.

The Chairman added that the Board is currently restricted to raising funds only for growth projects. Leclanché also needs to fund its working capital and this is not allowed by the current Article of Associations. With this amendment, the Board will have the power to increase the scope of funds raising.

Another shareholder wondered if the stock of shares is sufficient to fund the expansion and the working capital of the Company. Mr. Anil Srivastava explained that the capital requirement is divided into two parts in 2019: working capital required is around thirty million and growth capital required is around thirty-five million. Conditional capital will be reserved for mergers & acquisitions purposes and for conversion of FEFAM loans. Authorised capital will be dedicated to private placement and Right Issues. Mr. Anil Srivastava confirmed that if Leclanché gets the proceeds from these shares it will have sufficient funds to fund the Company.

Since there were no additional questions, the Chairman proceeded to the vote.

The Chairman declared that the proposal of the Board of Directors had been endorsed, with 43'374'898 votes "yes", 156'002 votes "no" and 14'114'482 abstentions.

## **2. Election to the Board of Directors**

### **2.1 Acknowledgement of resignation of Mr Jim Atack and granting of discharge**

The Chairman stated that the Board of Directors acknowledges his resignation as Chairman of the Leclanché Board of Directors and proposes to grant him discharge from personal liability.

Indeed, after more than five years as a Leclanché Board member and Chairman, the Chairman has decided to step down with effect at the end of this shareholders meeting.

Since there were no questions, the Chairman proceeded to the vote.

The Chairman declared that the proposal of the Board of Directors had been endorsed, with 57'286'498 votes "yes", 222'044 votes "no" and 136'840 abstentions.

### **2.2 Election of a new member**

The Chairman asked Mr. Axel Joachim Maschka to present himself. Mr. Maschka presented himself briefly and confirmed he was very interested to join Leclanché Board. He would be pleased if shareholders approved his nomination.

A shareholder wondered if Mr. Maschka was linked to the Company. Mr. Maschka confirmed that as of today there was no link between him and the Company, and that he would be happy to become a shareholder.

Since there were no additional questions, the Chairman proceeded to the vote.

Mr. Maschka was elected with the required majority, with 57'504'006 votes "yes", 39'468 votes "no" and 101'908 abstentions. He thanked the shareholders.

The Chairman congratulated him and welcomed him to the Board.

## 2.3 Election of new chairman

The Chairman stated that the Board of Directors had originally proposed to elect Mr. David Anthony Ishag, as new chairman of the Board of Directors with effect from the end of this shareholders meeting. Minority shareholders had meanwhile raised their wish to keep an independent chairman at the head of the Leclanché Board of Directors. Being receptive to this argument, Mr. Ishag has decided not to step up in the chairman seat and instead, the Board of Directors would like to propose the election of Mr. Stefan Müller as new chairman of the Board of Directors.

The Chairman asked Mr. Müller to confirm his willingness to serve as Chairman of the Board of Directors, if and when elected, before proceeding to the vote.

Mr. Müller thanked the Chairman for the work that he had accomplished. He confirmed the strong contribution by Mr. Ishag, who is a very active board member. It seemed quite natural that as Chairman, Mr Ishag would reinforce his considerable efforts on behalf of the Company.

However, given the minority shareholder view, and after having taken some days to make his decision, Mr. Müller was happy and honoured to accept the nomination and to take the responsibility if the General Assembly wishes so.

The Chairman opened the discussions on this agenda item.

A shareholder expressed his surprise about this change. To his view, having a Chairman representative of the main shareholder is an important asset as it ensures the full involvement of the Chairman. The Chairman replied that the minority shareholders need to be listened to as well, and the whole Board endorses the desirability of an independent Chairman. Mr. Ishag confirmed his full support and his continued dedication to the Board.

Another shareholder noted his preference to have a Swiss Chairman at the Board.

Since there were no additional questions, the Chairman proceeded to the vote.

The Chairman declared that the election of Mr. Stefan Müller has been endorsed, with 56'654'878 votes "yes", 561'779 votes "no" and 382'989 abstentions.

The Chairman congratulated M. Stefan Müller. Mr. Srivastava, on behalf of the management team thanked Mr. Jim Atack for the work he had contributed during his five-year tenure on the Leclanché Board of Directors.

Mr. Spillmann thanked Mr. Jim Atack as well for his accomplishments as Chairman. He welcomed Mr. Maschka to the Board, thanked Mr. Ishag as a Board member and explained the importance of having Mr. Müller as an independent Chairman. Finally, he thanked FEFAM for their continuous support to the Company.

As no additional questions were raised, the Chairman concluded the extraordinary general meeting by thanking the shareholders for their support during his tenure; he then thanked the shareholders for attending the Meeting and all those involved in the preparation and execution of the meeting. The meeting was closed at 11:57.

The Chairman:



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**Jim Atack**

The Secretary:



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**Jean-François Stenger**