Leclanché
Energy Storage Solutions

Leclanché Group

2018 Annual Report

www.leclanche.com

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CORPORATE GOVERNANCE

The following section has been prepared in accordance with the Swiss Code of Obligations and the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange. Additional disclosures required by the Directive on Information Relating to Corporate Governance for issuers subject to the Ordinance against Excessive Compensation at Listed Companies (OaEC) can be found in the separate section, Compensation Report, or in Leclanché SA's Articles of Association (available upon request).
Except when otherwise provided by law, the Articles of Association or Leclanché's Organisational Regulations, all areas of Management are fully delegated by the Board of Directors to the Executive Committee.

1. Group Structure and Shareholders

Group structure

Leclanché SA (the "**Company**") was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on 3 August 1909 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarters at Avenue des Sports 42, CH-1400 Yverdon-les-Bains. The Company is listed under the Main Standard on the SIX Swiss Exchange under Swiss security number 11030311 (ISIN: CH0110303119). The Company is listed under the symbol "**LECN**". As at 31 December 2018, the market capitalisation of the Company was kCHF 234'288 (31 December 2017: kCHF 183'265).

Leclanché S.A.'s subsidiaries and associates are:

	Registered offices	Country	Currency	Share capital (CHF)	Ownership interest
Leclanché GmbH	Willstätt	Germany	EUR	270'600.00	100%
Leclanché UK Ltd	London	England	GBP	100.00	100%
Leclanché North America Inc.	Wilmington, Delaware	USA	USD	0.01	100%
Leclanché Canada Inc. (1)	Victoria, British Colombia	Canada	CAD	0.00	100%
Leclanché BVBA (2)	Turnhout	Belgium	EUR	0.00	0%
Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge (3)	Ahmedabad, Gujarat	India	INR	550'500'000	25.01%

(1) Leclanché Canada Inc. has been incorporated on 3 November 2017.

(2) Activity transferred to Leclanché SA during 2018 and legal entity sold as at 30 June 2018

(3) Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge has been incorporated on 29 September 2018

Leclanché S.A. and its subsidiaries (the "**Group**") are dedicated to the design, development and manufacturing of customised and turnkey energy storage solutions for electricity generation and transmission, mass transportation, heavy industrial machines and specialty battery systems.
There are no other companies belonging to the Group.
The operational structure of the Group corresponds to the segment reporting presented on Note 3 of the consolidated financial statements.

Significant shareholders

Pursuant to the information provided to the Company by its shareholders in accordance with Article 20 of the Swiss Stock Exchange Act (SESTA), the following shareholders held more than 3% of the voting rights of Leclanché S.A. as at 31 December 2018.

Shareholder	Number of Existing Shares held	Voting rights (%)[1]	Total purchase positions (Rights)	Total purchase positions (Rights,%)[1]
FEFAM [2]	75'307'869	64.3	24'222'585 [4]	20.7
Bruellan Group[3]	10'081'522	8.6	0	0.0

(1) The percentages reflected are based on the outstanding share capital of the Company as included in the Commercial Register of the Canton of Vaud (i.e. CHF 175'715'808.00, divided into 117'143'872 fully paid-in registered shares each with a nominal value of CHF 1.50).

(2) FEFAM means: AM INVESTMENT SCA, SICAV-SIF - Liquid Assets Sub-Fund, together with 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**". Date of publication of most recent notification: 4 January 2019.

(3) Bruellan Group means: Bruellan Corporate Governance Action Fund, George Town, Grand Cayman and Bruellan holding SA, Crans-Montana, Switzerland. Date of publication of most recent notification: 22 December 2018.

(4) The total purchase positions relate to the conversion rights under the FEFAM Convertible Loans. For additional information, see section 2 below. Capital Structure/Convertible loans" and to Note 16A of the consolidated financial statements.

Six (6) disclosure notifications according to Article 20 SESTA were published by the Company in 2018. These notifications (including further details on the above-mentioned notifications) can be accessed at: http://www.six-exchange-regulation.com

Cross-shareholdings
The Company has no cross-shareholdings in excess of 5% of the capital or the voting rights with any other shareholders.

2. Capital Structure

Share capital
As at 31 December 2018, the issued share capital of the Company amounts to kCHF 175'716, divided into 117'143'872 fully paid-in registered shares with a nominal value of CHF 1.50 each.

Conditional share capital
The conditional share capital of the Company represents an aggregate amount of kCHF 60'512 and is divided into the following components:

Conditional capital reserved for equity Incentive Plans
Pursuant to Article 3ter of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of kCHF 4'500 through the issuance of a maximum of 3'000'000 fully paid-in registered shares with a nominal value of CHF 1.50 each, by the issuance of new shares to employees of the Company and Group companies. The pre-emptive rights of the shareholders are excluded. The shares or rights to subscribe for shares shall be issued to employees pursuant to one or more regulations to be issued by the Board of Directors or, to the extent delegated to it, the Appointments and Remuneration Committee, taking into account performance, functions, levels of responsibility and profitability criteria. The Board of Directors determines the issue price. Shares or subscription rights may be issued to employees at a price lower than that quoted on the stock exchange. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*)

of the Articles of Association. As at 31 December 2018, no shares were issued on the basis of Article 3[ter] of the Articles of Association.

Conditional capital reserved for Financing Purposes

Pursuant to Article 3[quinquies] of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of kCHF 56'012, by issuing a maximum of 37'341'270 fully paid-in registered shares with a nominal value of CHF 1.50 each. The increase takes place through the exercise of conversion, option, or similar rights, which are granted in connection with newly or already issued bonds, similar obligations, loans or other financial market instruments or contractual obligations of the Company or one of its Group companies and/or by the exercise of option rights issued by the Company or one of its Group companies ("Financial Instruments"). Shareholders' pre-emptive rights are excluded with respect to the issuance of Financial Instruments. The then current holders of Financial Instruments are entitled to subscribe for the new shares. The conditions of Financial Instruments shall be determined by the Board of Directors. The Board of Directors is authorised to restrict or deny the advance subscription rights of the shareholders:

1. In connection with the Convertible Loan Agreement with Recharge ApS ("**Recharge**") and ACE Energy Efficiency SPC ("**ACE**") dated 7 December 2014, with any amendments (the "**Convertible Recharge Loan/ACE**"); or
2. For the purpose of financing or refinancing of investments or the expansion plan of the Company; or
3. If the Financial Instruments are issued to strategic investors or partners; or
4. If the Financial Instruments are issued on national or international capital markets or through a private placement; or
5. For the purpose of a firm underwriting of such Financial Instruments through a banking institution or a syndicate of banking institutions or a third party/third parties with subsequent offering to the public; or
6. For the purpose of financial restructuring, in particular for the conversion of debt into equity.

The conversion rights granted to Recharge/ACE under the Convertible Recharge Loan/ACE, in accordance with paragraph 1, are necessary for the restructuring and future expansion of the Company. The conversion will be carried out in accordance with the terms of the Convertible Recharge Loan/ACE. The conversion could be exercised until 30 June 2016, which can be extended (in accordance with the terms of the respective contracts). If advance subscription rights are excluded on the basis of this Article 3[quinquies] (Conditional Share Capital for Financing Purposes), the following shall apply: The Financial Instruments will be issued in accordance with the conditions of the relevant market, taking into account the financing and operating position of the Company, the share price and/or other similar instruments with a market value. The issuance with an issue price below the market price of the shares is possible. The conversion rights may be exercised for a maximum period of 10 years, and the options may be exercised for a maximum period of 7 years, in both cases from the date of the relevant issuance or entry. The new registered shares shall be subject to the limitations pursuant to Article 4 of these Articles of Association.

Authorised share capital

Pursuant to Article 3[quater] of the Articles of Association, the Board of Directors is authorised until 1 May 2020 to increase the share capital up to a maximum amount of kCHF 60'512 through the issue of a maximum of 40'341'270 fully paid-in registered shares with a nominal value of CHF 1.50 each. An increase in partial amounts shall be permitted. The Board of Directors may issue new shares by means of a firm underwriting through a banking institution or a syndicate of banking institutions or a third party/third parties and a subsequent offer of these shares to the current shareholders.

The Board of Directors shall determine the date of issue of new shares, the issue price, the type of payment, the beginning date for dividend entitlement, the conditions for the exercise of pre-emptive rights and the allocation of pre-emptive rights that have not been exercised. The Board of Directors is entitled to permit, to restrict or to exclude the trade with pre-emptive rights. The Board of Directors may permit pre-emptive rights that have not been exercised to expire or may cancel such rights or it may place these rights and/or shares as to which pre-emptive rights have been granted but not exercised at market conditions or use them for other purposes in the interest of the Company. The Company may freely dispose of its own funds by way of conversion (including through contribution reserves to the Company's capital) in accordance with Article 652d of the Swiss Code of Obligations up to the total issue price of each share.

The Board of Directors is further authorised to limit or withdraw the pre-emptive rights of shareholders and allocate such rights to the individual shareholders or third parties if the shares are to be used:

1. In connection with the ApS Convertible Recharge Loan Agreement ("**Recharge**") and ACE Energy Efficiency SPC ("**ACE**") dated 7 December 2014 (the "Recharge/ACE Convertible Loan"), as amended several times, the lenders were entitled to pay all or part of the issue price by offsetting the receivables granted under the Recharge/ACE Convertible Loan; or
2. In connection with the Recharge/ACE Convertible Loan, as amended from time to time if the lenders require the Company to carry out a capital increase; or
3. In connection with the financing and refinancing of the Company's investments or acquisitions (including part of an enterprise or participations) or the financing or refinancing by the Company of acquisitions (through equity or convertible loans); or
4. In connection with the options granted to Talisman Infrastructure International Ltd, a company associated with Talisman Infrastructure Ventures LLP; or
5. In order to grant an over-allotment option (Greenshoe) up to 20% of the total number of shares in an offering or sale of shares to the initial purchaser or subscriber; or
6. In order to use the shares as consideration in the event of mergers, acquisitions or investments of the Company.
7. For issuing new shares if the issue price of the new shares is determined by reference to the market price;
8. For the purpose of broadening the shareholder constituency in certain financial or investor markets or in connection with the listing of new shares on domestic or foreign stock exchanges; or
9. For the purposes of national and international offerings of shares for the purpose of increasing the free float or to meet applicable listing requirements;
10. For the purpose of the participation of strategic investors or partners; or
11. For the purpose of financial restructuring, in particular for the conversion of debt into equity; or
12. For raising capital in a fast and flexible manner (including private placement) which could probably only be achieved with great difficulty without exclusion of the pre-emptive rights of the existing shareholders.

The new registered shares are subject to the transferability restrictions provided for in Article 4 of the Company's Articles of Association.

Changes in share capital

During the last three financial years, the following changes in the share capital of the Company have occurred:

- On 29 April 2016, Recharge converted into equity the equivalent amount of kCHF 5'250 (kCHF 4'582 principal and kCHF 668 interest/conversion fees) due under the Recharge Convertible Loan on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 5 January 2015 (last modified on 4 May 2016) from the Company's conditional capital. Pursuant to this conversion into equity, the Company issued 2'134'493 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 13 June 2016.

- On 9 June 2016, Talisman converted into equity the equivalent amount of kCHF 150 Series A Warrants on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016. Pursuant to this conversion into equity, the Company issued 100'000 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 13 June 2016.

- On 15 June 2016, holders of the Company's outstanding MCN converted into equity the equivalent amount of kCHF 2’400 MCN from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016. In addition, on 15 June 2016, Recharge converted into equity the equivalent amount of kCHF 2,926 (principal and interests) due under the Recharge Convertible Loan, from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016. Pursuant to these combined conversions into equity, the Company issued 2’170’521 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 19 August 2016.

- On 17 August 2016, the Company issued 1’546’481 new registered shares on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 8 August 2016. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 19 August 2016.
- On 23 August 2016, the Company issued 2’611’941 new registered shares on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 8 August 2016. The contribution for each new registered share is effected by way of loans conversion. In addition, on 16 August 2016, ACE converted into 1’537’024 shares from the Company's conditional capital, the equivalent amount of kCHF 4’144 due under the ACE Convertible Loan, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016. The capital increase, corresponding to a total of 4’148’965 new registered shares, was registered in the Commercial Register of the Canton of Vaud on 25 August 2016.
- On 20 March 2017, Talisman converted into equity the equivalent amount of kCHF 334 Series A Warrants from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 6 December 2016. Pursuant to this conversion into equity, the Company issued 222’827 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 21 March 2017.
- On 10 April 2017, the Company issued 957’446 new registered shares from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 4 April 2017. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 11 April 2017.
- On 19 July 2017, the Company issued 1’750’001 new registered shares from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 11 July 2017. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 20 July 2017.
- On 20 July 2017, holders of the Company’s outstanding MCN converted into equity the equivalent amount of kCHF 1’500 MCN from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016. Pursuant to this conversion into equity, the Company issued 1’000’000 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 29 September 2017.
- On 20 September 2017, the Company issued 415’500 new registered shares from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017 and by the Board of Directors on 23 August 2017. The contribution for each new registered share is effected by way of cash contribution. The capital increase has not been yet registered in the Commercial Register of the Canton of Vaud.
- On 29 September 2017, holders of the Company’s outstanding MCN converted into equity the equivalent amount of kCHF 15’000 MCN from the Company's conditional capital, on the basis of resolutions passed at

the Annual General Meeting of shareholders of the Company on 26 July 2017. In addition, on 29 September 2017, FEFAM converted into equity the equivalent amount of kCHF 5’383 (principal and interest) due under the Facility B/C and extension Convertible Loan from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017. Pursuant to these combined conversions into equity, the Company issued 13’588’763 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 29 September 2017.

- On 6 October 2017, FEFAM converted into equity the equivalent amount of kCHF 5’617 (principal and interest) due under the Facility B/C Convertible Loan from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017. Pursuant to this conversion into equity, the Company issued 3’744’570 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 6 October 2017.
- On 5 June 2018, FEFAM converted into equity the equivalent amount of kCHF 16’500 due under the outstanding MCN granted to the Company on 8 December 2017. Pursuant to this conversion into equity, the Company issued 11’000’000 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 5 June 2018.
- On 11 December 2018, the shareholders approved at the Extraordinary General Meeting 2018, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion as part of a financial restructuring plan. With the implementation of the Debt-to-Equity-Conversion, previously existing indebtedness of the Company vis-à-vis certain creditors in the aggregate amount of kCHF 54’692, has been converted into equity of the Company with effect as at 12 December 2018. Pursuant to this conversion into equity, the Company issued 36’461’331 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 12 December 2018.

Shares

All shares of the Company are registered shares with a nominal value of CHF 1.50 each. The Company has one share class only. Each registered share carries one vote at the shareholders’ general meeting. The shares rank *pari passu* in all respects with each other, including voting rights, entitlement to dividends, liquidation proceeds in case of liquidation of the Company and preferential subscription rights.

Participation and profit-sharing certificates

The Company has not issued any non-voting equity securities such as participation certificates (*bons de participations, Partizipationsscheine*) or profit-sharing certificates (*bons de jouissance, Genussscheine*) nor has it issued preference shares (*actions privilégiées, Vorzugsaktien*).

Limitations on transferability and nominee registrations

Pursuant to Article 4 (*Transferability of shares*) of the Articles of Association, acquirers of registered shares (with ownership or usufruct rights) are recorded upon demand as shareholders in the share register with voting rights if they expressly declare to have acquired their shares in their own name and for their own account or if they indicate the name, surname, domicile, address and citizenship (registered office for legal entities) of the person in which name or for which account they hold the shares. The Board of Directors may, after hearing the person concerned, cancel the entry in the share register with retroactive effect, if such entry was based on untrue or misleading information given by the acquirer.
The Articles of Association do not provide for nominee registrations.

Options Rights

From 2014, the Company introduced a performance related Capped Stock Option ("**CSO**”) Plan for senior executives and high performer employees. The purpose of the Plan is to provide selected senior executives and high performer employees within the Group with the opportunity to participate in Leclanché's long-term success, subject to shareholders' approval and in compliance with the Minder Initiative. The Plan is designed to direct the focus of such employees on the long-term share price appreciation, promote the long-term financial success of the Group and generally align the interests of employees with those of shareholders.

At the Grant Date, the Appointments and Remuneration Committee appointed by the Board may use its absolute discretion to select Eligible Persons holding a Contractual Relationship with a Group Entity to receive a Notice of Grant setting out, amongst other information, the number of CSOs granted to the Eligible Persons. The Appointments and Remuneration Committee (on behalf of the Company) shall grant to an Eligible Employee a number of CSOs; and the Company shall issue a CSO Certificate to the Grant holder.

CSOs granted in the CSO Certificate is categorised into three tranches. At the Vesting Date of each Tranche, unless the Appointments and Remuneration Committee determines otherwise, 100% of CSOs in each Tranche are subject to be vested. The Exercise Price of one CSO shall be equal to the higher of 80% of the average Share Price of the sixty (60) business days (60-day VWAP) preceding the Grant Date, or of the par value per share.

In 2018, 1'315'000 options were granted under the CSO Plan. As of 31 December 2018, 3'465'000 options were outstanding, corresponding to 2.96% of the issued share capital.

Options granted under the CSO Plan as of 31 December 2018:

	2014 attribution	2015 attribution	2016 attribution	2016 attribution	2018 attribution
Number of options granted	119'000	1'000'000	250'000	740'000	1'565'000
Grant date	19.03.15	19.03.15	01.01.16	01.01.16	03.12.18
Vesting period	31.12.14 : 33% 31.12.15 : 33% 31.12.16 : 33%	19.03.15 : 25% 01.01.16 : 25% 01.01.17 : 25% 01.01.18 : 25%	01.01.16 : 33% 01.01.17 : 33% 01.01.18 : 33%	01.01.16 : 33% 01.01.17 : 33% 01.01.18 : 33%	03.12.18 : 33% 03.12.19 : 33% 03.12.20 : 33%
Expiration date	31.12.20	31.12.20	31.12.22	31.12.22	03.12.25
Share price at grant date	4.19	4.19	2.58	2.58	1.88
Exercise price	3.00	1.50	2.50	2.95	1.50
Cap	12.00	6.00	11.79	11.79	6.00
Volatility (annualized)	81.92%	81.92%	53.80%	53.80%	55.14%
Risk free interest rate (annualized)	0.07%	0.07%	-0.08%	-0.08%	0.00%
Fair Value of the option at grant date	0.47	1.46	0.87	0.75	0.59

Warrants

On 31 October 2013, the Company issued 832'827 Series A Warrants and 594'876 Series B Warrants to Talisman Infrastructure International Ltd ("**Talisman**") as compensation for non-regulated services rendered to the Company in connection with capital raise from Precept.

- The Series A Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 1.50 per share. The Series A Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series A Warrants is dependent upon the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series A Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price), provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants does not exceed 3.5% of the fully diluted share capital, after taking into account the number of shares that would be issued if the Precept Loan was fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.

- The Series B Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 4.50 per share. The Series B Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series B Warrants, is dependent upon the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series B Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price) provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants does not exceed 2.5% of the fully diluted share capital, after taking into account the number of shares that would be issued if the Precept Loan was fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.

In 2018, no Warrants were exercised. In 2017, 222’827 Series A Warrants were exercised. As at 31 December 2018, there were no outstanding and unexercised Series A Warrants and 594’876 outstanding and unexercised Series B Warrants.

3. Loans

A. Convertible loans

Facility A/B/C/D (“**FEFAM convertible loan**”)

On 3 June 2014, Precept, through its majority owned subsidiary Oakridge Global Energy Solutions, Inc. (formerly Oak Ridge Energy Technologies, Inc.; "**Oakridge**"), had granted a credit facility of kCHF 3’000 (the "**Oakridge Convertible Loan**"). The Oakridge Convertible Loan was increased to kCHF 5’000 on 2 August 2014 and was convertible into registered shares of the Company at a conversion price of CHF 1.50. The Oakridge Convertible Loan carried an interest rate of 2% per annum which shall be capitalised and added to the total loan amount due at maturity, together with a fee of kCHF 500. The maturity date was 30 June 2016.

On 8 December 2014, the Company entered into a kCHF 21’000 credit facility, convertible into registered shares with Recharge ApS (Denmark) ("**Recharge**"), originally due to mature on 30 June 2016 (the "**Recharge Convertible Loan**"). The Recharge loan was subject to shareholders’ approval, which was granted at the Extraordinary Shareholder Meeting of 5 January 2015.

The Recharge Convertible Loan consists of two tranches, Recharge Facility A and Recharge Facility B. Subject to certain conditions and applicable fees, Recharge Facility A had a loan amount of kCHF 13’000 at 12% interest per annum designated to fund the Company's Growth Plan. Subject to certain conditions and applicable fees, Recharge Facility B has a loan amount of kCHF 8’000 (subsequently increased to kCHF 13’000) at 10% interest per annum designated to fund the first phase of Company’s Growth Plan, in particular to finance acquisitions and the development of technologies and battery Management systems, that would enable a differentiated market offer and significantly enhanced margins. In addition, in connection with this refinancing, Recharge agreed to purchase the Oakridge Convertible Loan of which outstanding amounts due thereunder were subsequently converted into shares on 21 January 2015 and 19 May 2015.

Both Recharge Facility A and Recharge Facility B are convertible into shares at Recharge's option (as provided for in the terms of the Recharge Convertible Loan). In June 2015, Recharge agreed to further increase the amounts available under Recharge Facility B by an additional kCHF 5’000 (extension, Recharge Facility B2) and to extend the exercise period until 30 June 2017. As noted above, both Recharge Facility A and Recharge Facility B (and B2) are subject to fees. In connection with the increase and the extension of the Recharge Facility B, the Company agreed to a fee of 5% of the amount drawn down under Recharge Facility B (and B2), which shall be paid at the maturity date of the Recharge Convertible Loan or at the date of every earlier conversion, calculated on the amount to be converted.

Recharge Facility A and Recharge Facility B (and B2) have been fully drawn down. The amounts outstanding under Recharge Facility A (kCHF 13’000) and part of the amounts outstanding under Recharge Facility B (kCHF 3,315) were converted into equity on 17 July 2015. The conversion price was CHF 1.98 (being the lower of (i) CHF 3.00 (if conversion occurs before 1 April 2016: CHF 2.50), (ii) 85% of the 15-day volume-weighted average price of the shares or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering). On 29 April 2016, part of the amounts outstanding under Recharge Facility B (kCHF4’582) were converted into equity at a conversion price of CHF 2.4596 and then, on 15 June 2016, the remaining amounts outstanding under Recharge Facility B (kCHF 549), as well as part of the amounts outstanding under Recharge

Facility B2 (kCHF 2'000) were converted into equity at a conversion price of CHF2.50, those conversion prices being the lower of (i) CHF 3.00 (if conversion occurs before 1 April 2016: CHF2.50), (ii) 85% of the 15-day volume-weighted average price of the shares or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering).

On 7 March 2016, ACE Energy Efficiency SPC ("**ACE**") agreed, among other things, (i) to acquire the remaining kCHF 3'000 outstanding under Recharge Facility B2 and (ii) to extend an additional kCHF 10'000 facility thereunder ("**ACE Facility C**" and together with the acquired remaining outstanding amounts under Recharge Facility B2, the "**ACE Convertible Loan**"). Facility C carries an annual nominal interest rate of 8% and is convertible into new shares of the Company. Facility C further provides that upon completion of a qualified financing round, a mandatory conversion occurs. The Facility C conversion price is the lower of (i) CHF2.86, (ii) 85% of the 15-day volume-weighted average price of the share, or (iii) the subscription price in any future rights offering.

On 31 March 2016 and 17 May 2016, ACE Facility C was subsequently increased to kCHF 20'000. kCHF 20'000 of Facility C has been drawn down before 30 June 2016. On 4 August 2016, 30% of the ACE Facility C had been transferred to JADE Crest Ltd ("**JADE**"). On 16 August 2016, the Company announced the conversion into equity of kCHF4'100 (of which kCHF 300 interest) outstanding under ACE/JADE Facility C, resulting in the issuance of 1'537'024 Shares. On 30 September 2016, 56.58% of the ACE Facility B2 and of the ACE Facility C (excluding JADE's part) had been transferred to LECN Co Invest Ltd ("**LECN Co**"). The lenders (ACE, JADE and LECN Co) have the right to provide additional funding to the Company at terms not less favourable than the ones of Facility C. LECN Co and JADE have committed to provide additional kCHF 1'500 (Facility C extension), fully drawn down on 1 December 2016.

On 26 July 2017, the Company signed a term sheet with Golden Partner International SA SPF ("**Golden Partner**"), ACE Energy Efficiency SPC ("**ACE EE**"), LECN Co Invest Ltd ("**LECN Co**"), ACE & Company SA ("**ACE**") and JADE CREST Limited ("**JADE**") which extended the maturity of the Facility B/ACE Convertible Loan and ACE Facility C to 30 June 2018. This term sheet also set the conditions of the transfer from ACE/LECN Co/JADE to FEFAM of Facility B/ACE Convertible Loan amounting to kCHF 1'774 and of ACE Facility C amounting to kCHF 10'226.

On 27 September 2017, LECN Co, FEFAM and JADE granted a fully drawn down kCHF 5'000 convertible loan bearing an 8% per annum interest ("**Facility D1**") with a maturity on 27 September 2018 (12 months as of the effective date). Facility D1 is secured by the same security package as Facility B and C, B and C being senior to D1. The conversion price under the Facility D is the lower of (i) CHF 2.86, (ii) 85% of the 15-day volume-weighted average price of the share, or (iii) the subscription price at which shareholders of the Borrower may subscribe for new shares in any future rights offering.

On 29 September 2017 and 6 October 2017, FEFAM converted into equity the equivalent amount of kCHF 5'383 and kCHF 5'617 respectively (principal and interest) due under the Facility B/C Convertible Loan. Pursuant to these two successive conversions, FEFAM has an outstanding amount of kCHF 1'672 (principal and interest) under the Facility B/C Convertible Loan.

On 13 October 2017, the Convertible Loan Facility D was increased to kCHF 11'000. This additional kCHF 6'000 ("**Facility D2**") lent by FEFAM has been made convertible through the amendment signed on 4 December 2018.

On 15 February 2018, a Funding Agreement has been entered into by and between FEFAM and the Company that included (i) the repayment of Facilities B / C to ACE EE, LECN Co, ACE and JADE (ii) a maturity of Facility D1 and D2 extended to 31 March 2020 and (iii) a 6% annual interest payable on a quarterly basis.

On 30 June 2018, FEFAM has acquired the remaining amounts outstanding under Facilities B/C/D1 from ACE EE, ACE LECN and JADE (principal plus interest plus fees) in an aggregate amount of kCHF 13'721, on the basis of a Transfer and Assignment Agreement ("**TAA 2018**"). In the TAA 2018, the parties agreed to extend the maturity of the transferred portions of Facilities B/C/D1 to 31 March 2020. As a result of the transfers effected by the TA 2017 and TAA 2018 respectively, FEFAM became the lender of the Company under the Facilities B/C/D1/D2 as amended from time to time (collectively "**FEFAM Convertible Loan**").

On 4 December 2018, an Amendment Agreement has been signed between FEFAM and the Company. The Parties agreed that the conversion price shall be CHF 1.50 per share. FEFAM also agreed to convert the entire Facility D1 (kCHF 5'092) and Facility D2 (kCHF 6'000).

On 11 December 2018, the shareholders approved at the Extraordinary General Meeting ("**EGM**") as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. kCHF 54'692 have been converted into equity with effect as at 12 December 2018, including Facility D1 for kCHF5'092 and Facility D2 for kCHF 6'000.

As of 31 December 2018, kCHF 2'103 remains outstanding under Facility B (principal and quarter 4 2018 interest), kCHF 11'967 under Facility C (principal and quarter 4 2018 interest), kCHF 19 under facility D1 (quarter 4 2018 interest) and kCHF 112 under facility D2 (quarter 4 2018 interest). kCHF 14'201 remain outstanding under Facility B/C/D, the FEFAM Convertible Loan (principal and interest).

Convertible loan ("**CL**") and Convertible loan extension ("**CL extension**")
On 15 February 2018, Leclanché SA and FEFAM have signed a Funding Agreement ("**Funding Agreement**"). Amongst others, FEFAM agreed to provide to Leclanché with a kCHF 40'500 convertible loan (the "**CL**"), payable in seven instalments.

On 19 February 2018, FEFAM and the Company have entered into a subordination agreement related to claims totalling kCHF 40'500, which claims are subordinated to all other existing and future claims against the Company (the "**40.5 million Subordination**"). The 40.5 million Subordination has been decreased to kCHF 4'500 after the kCHF 36'000 conversion of the CL and CL extension on 12 December 2018.

On 27 April 2018, FEFAM agreed to extend the CL amount from kCHF 40'500 to kCHF 60'500 (the "**CL extension**"), the up to kCHF 20'000 additional funding being provided to the Company by no later than 31 March 2019.

As at 31 December 2018, the Company has drawn down kCHF 51'667 under the CL and CL extension. Out of this amount, kCHF 36'000 have been converted into equity through the 12 December 2018 conversion. As of 31 December 2018, kCHF 16'198 remain outstanding under the CL and CL extension (principal and quarter 4 2018 interest).

Right of first refusal loan ("**FEFAM ROFO Agreement**")
On 16 March 2018, Leclanché SA and FEFAM have signed a certain financing agreement not included in the aforementioned Funding Agreement, which grants FEFAM a right of first refusal (but no obligation) with respect to the provision of funds required for M&A and joint venture projects and performance bonds of the Company of up to kCHF 50'000 (the "**FEFAM ROFO Loan**").

As of 31 December 2018, the Company has drawn down kCHF 11'600 under the FEFAM ROFO Agreement. Out of this amount, kCHF 7'600 have been converted into equity through the 12 December 2018 conversion. As of 31 December 2018, kCHF 4'138 remain outstanding under the FEFAM ROFO Agreement (principal and quarter 4 2018 interest).

Securities
FEFAM convertible loan, CL and CL extension above are secured by: (i) the same security package that secured the Oakridge Convertible Loan and the Recharge Convertible Loan (albeit on amended terms), namely an assignment of rights for security purposes of all our present and future receivables, claims from intra-group loans and bank accounts claims and a first ranking pledge over our registered patents and patent applications filed and trademarks, (ii) securities granted by Leclanché GmbH (i.e., a global assignment agreement, a security transfer agreement and an account pledge agreement), (iii) a first ranking share pledge agreement over the shares of Leclanché GmbH, (iv) a first ranking pledge over all Account Balances, all Intercompany Receivables and all Trade Receivables and (v) new assets to be acquired by the Company with the funds made available under Convertible Loan. The Convertible Loan provides for the following obligations, among others, which in case of breach would trigger an event of default: (i) a negative pledge pursuant to which neither the Company nor any of the group companies shall be permitted to grant, create or permit to subsist any security, including personal security such

as surety and guarantees and any security over any of the present or future assets, except for certain permitted securities as specified in the ACE Convertible Loan; (ii) neither the Company nor any of the Group companies shall be permitted to incur any financial indebtedness other than kCHF 500 in the aggregate; (iii) neither the Company nor any of the Group companies shall be permitted to make loans or permit to subsist any credit to any third party, including shareholders, Board members and employees of the Group, except for loans to third parties of up to kCHF 100 in the aggregate; (iv) neither the Company nor any of the Group companies shall be permitted to, directly or indirectly, enter into any transaction, inter alia, to purchase or acquire any properties, assets, shares, securities, to enter into a merger, de-merger or a transfer of assets and liabilities or similar transactions with third parties or to enter into, invest in or acquire any shares, securities or other interests in any joint venture entity, except for capital expenditures in the ordinary course of business; (v) neither the Company nor any of the Group companies shall, directly or indirectly, sell, transfer, lease or otherwise dispose of any of its properties or assets that is not provided for in the 2015 Operating Plan unless the aggregate fair market value of all properties and assets subject to disposal does not exceed kCHF 500; (vi) neither the Company nor any of the Group companies make material changes to the accounting principles, except if required by law, by IFRS or by the guidelines and regulations of the SIX Stock Exchange; and (vii) neither the Company nor any of the Group companies make changes to its legal structure of the legal structure of the Group if such change could result in a material adverse change.

ACE EE, ACE, LECN, JADE convertible loan

In a side agreement to the TAA 2018, Leclanché has agreed to pay certain arrangement fees to ACE EE, ACE, LECN and JADE and ACE amounting to kCHF 544, which relate to debt transferred under the TA 2017. This amount will have to be settled in cash or, at the election of the Company, in shares by 31 March 2020.

B. Mandatory Convertible Notes (“MCN”)

On 16 December 2015, in order to finance and refinance investments of the Company and the Company's Growth Plan, the Company made a private share placement by issuing kCHF 2’400 MCN due 15 December 2016 mandatorily convertible into new shares of the Company at a conversion price of CHF 2.40, pursuant to two share purchase and subscription agreements entered into with Recharge and Bruellan respectively. Recharge and Bruellan together invested kCHF 1’200 each, corresponding to zero purchased shares in the Company in the framework of the capital increase and 500’000 MCN each. On 15 June 2016, those two MCNs of kCHF 1’200 each have been converted into 500’000 registered shares each, at a conversion price of CHF 2.40.

In 2017, in order to continue to finance the Company's expansion plan, the Company issued several MCN:

- On 11 April 2017, the Company issued kCHF 1’000 in MCN to Bruellan, that were subsequently converted on 20 July 2017 into 666’667 registered shares at a conversion price of CHF 1.50.
- On 19 April 2017, the Company issued kCHF 500 in MCN to Trialford, that were subsequently converted on 20 July 2017 into 333’333 registered shares at a conversion price of CHF 1.50.
- On 14 July 2017, the Company issued kCHF 12’000 in MCN to FEFAM, that were subsequently converted on 29 September 2017 and 6 October 2017 into 8’000’000 registered shares at a conversion price of CHF 1.50.
- On 25 July 2017, the Company issued kCHF 3’000 in MCN to Bruellan that were converted on 29 September 2017 into 2’000’000 registered shares at a conversion price of CHF 1.50.
- On 6 September 2017, the Company issued kCHF 623 in MCN to Bruellan, that were converted on 29 September 2017 into 415’500 registered shares at a conversion price of CHF 1.50.
- On 8 December 2017, the Company issued kCHF 16’500 in MCN to FEFAM, that were converted on 5 June 2018 into 11’000’000 registered shares of the Company at a conversion price of CHF 1.50.

As of 31 December 2018, there was no MCN outstanding.

C. Other loans

On 30 March 2017, a bridge loan of kCHF 2'704 (kEUR 2'500) was granted by FEFAM. The loan had an interest of 12% per annum and had a maturity of 60 days from drawdown. On 15 February 2018, a Funding Agreement has been entered into by and between FEFAM and the Company that contemplated (i) an extension of the maturity of the bridge loan to 31 March 2020 and (ii) a reduction of the annual interest to 6%, payable on a quarterly basis.

On 2 February 2018, a non-convertible loan was provided by Golden Partner International SA SPF to the Company in the amount of kCHF 3'000 ("**3 million Bridge Loan**"). The loan has an annual interest rate of 6% and a 31 March 2020 maturity.

4. Board of Directors

Election to the Board of Directors and duration of mandate

The Board of Directors is ultimately responsible for the supervision and control of the Management of the Company, including the establishment of the general strategies, as well as other matters which, by law, are under its responsibility. All other areas of Management are delegated to the Executive Committee.

The Board of Directors consists of a minimum of three and a maximum of seven members. In accordance with the Ordinance against Excessive Compensation which entered into force on 1 January 2014 ("**OaEC**"), the general meeting of shareholders elects the members of the Board of Directors and the Appointments and Remuneration Committee as well as the Chairman for a term of office ending after completion of the next Annual General Meeting of shareholders. The term is subject to prior resignation or removal. The general meeting of shareholders elects the members of the Board of Directors individually and elects the Chairman amongst the members of the Board. Members of the Board of Directors and the Chairman can be re-elected without restrictions. The Board of Directors sets the compensation of its members, subject to approval by the general shareholders' meeting.

Members of the Board of Directors

Name	Nationality	Position	Initially appointed	Term expires
Stefan A. Müller	Swiss	Chairman, non-executive member	1998	2019
David Anthony Ishag	British	Non-executive member	2016	2019
Tianyi Fan	Chinese	Non-executive member	2017	2019
Toy Wai David Suen	Chinese	Non-executive member	2018	2019
Axel Joachim Maschka	German	Non-executive member	2018	2019

Stefan A. Müller, Swiss, born in 1954. Since 1987, Mr. Müller has held several Management roles as chief executive officer and as board member in industrial and financial corporations. He was CEO of Reuge SA, of Dreieck Industrie Leasing Ltd / Fortis Lease Switzerland Ltd, Lausanne from September 2003 until July 2010, and Vice Chairman of the Board of Directors of Fortis Lease Switzerland Ltd and Fortis Lease Real Estate Switzerland Ltd, Lausanne. From 2011 to 2014, he was a Board Member of Unigamma AG, Zurich, Asset Management and Chairman of Unigamma Immobilien AG, Zurich. Since 2009, he has been a member of the Board of Les Blanchisseries Générales SA in Chailly/Yverdon-les-Bains. From 2011 to 2016, he has served as Board Member and CEO of g2e glass2energy sa, Villaz-St-Pierre, and since 2012 has served Chairman of Clean Cooling Systems SA, Yverdon-les-Bains. Since 1989, he has served on the Company's Board of Directors and was its chairman between 2005 to March 2010. He graduated with a Master of Arts/lic.oec. HSG from the University of St. Gallen (HSG).

David Anthony Ishag, British, born in 1967. With more than 25 years spent in the Finance, Tech, Mobile and Online marketing Industries Mr. Ishag's previous experience includes: Employment, Partnership or Directorship with Institutions such as Barclays de Zoete Wedd London, Republic National Bank of New York, Union Bancaire Privée Geneva, Wharton Asset Management Bermuda (USD 15 Billion Investment Manager) as Vice Chairman and Chief Investment Officer. Mr. Ishag was previously Board Director, Member of the compensation and Audit Committee of publicly traded US Electricar representing the largest European shareholders alongside Itochu Corporation, Citibank and Hyundai. Mr. Ishag's Mobile and Online Marketing achievements include: Founder CEO & Chairman of award winning Pogo Technology: Europe's first cloud based mobile platform. Founder and Executive Chairman of Espotting Media, Europe's largest performance-based advertising network pioneering pay per click sold in 2004 for USD 170 Million. Mr. Ishag joined the Leclanché board in 2016.

Tianyi Fan, Chinese, born in 1988. Mr. Fan is Director of the Industry Department within the Golden Partner Group advising the FEFAM regulated Luxembourg funds on Energy Storage. Prior to this he was Director of the Research Department, undertaking project analysis and due diligence on investments, and being responsible for corporate risk control. He has been actively following Leclanché more recently on the identification of potential partners in the lucrative Chinese EV and stationary storage markets. Prior to working at Golden Partner, Mr. Fan worked at Shanghai Zesheng Investment Management Ltd. where he was responsible for portfolio Management, and particularly sectoral analysis. He monitored companies on the Chinese A-Share market. He has also worked at Unilever in China. Mr. Fan has a Bachelor Degree in Physics from Fudan University. Mr. Fan joined the Leclanché board in 2017.

Toy Wai David Suen, Hong Kong citizen, born in 1962. With 25 years in the banking industry. Mr. Suen's expertise covers fields as diverse as Management, Equity Capital Markets, CRM, IPO and Secondary Stock Markets, Syndication and Organization, and Roadshow Presentation. Mr. Suen also worked in the public sector as Financial Analyst. He previously operated as IT Senior System Analyst, drove MRP implementation and several other key software implementations. Mr. Suen started his career in accounting and finance, and had an experience as Purchasing Manager. He holds a Bachelor Degree in Computer Sciences (B. Sc.) of the University of Alberta in Edmonton and a Master of Business Administration (MBA) of the Florida International University in Miami.

Axel Joachim Maschka, German, born in 1966. After graduating with a degree in Electrical Engineering from the University of Stuttgart. Mr. Maschka started his career at Daimler-Benz in 1992 and later spent three years with Booz Allen & Hamilton Management consulting company. He joined the automotive supplier Bosch in 2001 where he gained experience in international Management in Paris, Tokyo and Bangalore. In 2008, he was appointed Chief Executive Officer of the Engine Systems BU at Continental AG. Mr. Maschka then founded AMA-Advisors, a professional services firm focused on improving automotive supplier performance. In 2012, he joined Volvo Car Corporation to serve as Senior Vice President Purchasing and Member of the Executive Management Team. In January 2014, Mr. Mashka joined Valeo as Senior Vice President, Sales & Business Development and Member of the Executive Board leading the Global Sales teams and Business Development covering Japan, China, Korea, North & South America, India, ASEAN, Iran, Russia, Europe. During his tenure at Valeo, Mr. Maschka focused on connected, autonomous electric cars.

Former members of the Board of Directors

At the shareholder's meeting of 6 June 2018, Adam Said, Pierre-Alain Graf and Cathy Wang resigned and stepped down from the Board of Directors.

At the extraordinary shareholder's meeting of 11 December 2018, Jim Atack, Chairman, resigned and stepped down from the Board of Directors.

Organisation

Meetings

The Chairman chairs the meetings of the Board of Directors and the general meeting of shareholders and supervises the execution of measures, which the Board of Directors has enacted.
The Board of Directors meets whenever required by business, at least however four times a year. The Board of Directors meets at the invitation of its Chairman. Each member of the Board of Directors may request the Chairman to convene a Board meeting by stating the reasons for such a request. A meeting of the Board of Directors requires the presence or participation of at least half of the members of the Board of Directors, or, if the Board of Directors consists of an uneven number, a majority of the members of the Board of Directors.

Resolutions

The Board of Directors passes its resolutions with a majority of the votes cast, with the Chairman holding a casting vote in case of a tie. Resolutions may be passed in writing by circular resolution, unless a member of the Board of Directors requests oral deliberation. Board resolutions by means of written resolutions require the affirmative vote of a majority of all of the members of the Board of Directors. No quorum is required to record the implementation of a capital increase, to pass resolutions regarding the amendments of the Articles of Association entailed thereby and to adopt the report on the capital increase.
Regular meetings of the Board of Directors usually last between half a day to an entire day. In 2018, the Board of Directors held six physical meetings and twenty-five telephone conferences.

Committees

At its meeting of 18 August 2011, the Board of Directors established a Chairman's Committee and an Audit Committee to strengthen the corporate governance structure of the Company and the Group. At its meeting on 26 August 2013, the Board of Directors decided to rename these committees to better reflect their responsibilities to the Appointments and Remuneration Committee and the Audit and Risk Management Committee respectively.

The **Appointments and Remuneration Committee** currently consists of MM. Stefan A. Müller (chairman), David Suen and Tianyi Fan. The members of the Appointments and Remuneration Committee are elected by the general meeting of shareholders for a term of office until the end of the next Annual General Meeting of shareholders. The task of the Appointments and Remuneration Committee is to assist the Board of Directors in (i) identifying individuals qualified to become members of the Board of Directors, (ii) proposing to the Board of Directors the appointment and removal of members of the Executive Committee, (iii) proposing to the Board of Directors compensation principles for the Group, the compensation for the Board of Directors and the Executive Committee and amendments to or introduction of new incentive plans, including share based plans, and (iv) addressing governance issues. In 2018, the Appointments and Remuneration Committee held two meetings.

The **Audit and Risk Management Committee** currently consists of MM. Stefan A. Müller (chairman), Axel J. Maschka and Tianyi Fan. The task of the Audit and Risk Management Committee is to assist the Board of Directors in its oversight of the integrity of the Company's financial statements and financial reporting process, the Company's compliance with legal and regulatory requirements, the system of internal controls, the audit process and the performance, qualification and independence of the Company's independent auditors. The Audit and Risk Management Committee serves as an independent and objective monitor of the Group's financial reporting process and system of internal control, and facilitates ongoing communication between the external auditor, Management and the Board of Directors with regard to the Group's financial situation. The Audit and Risk Management Committee shall propose to the full Board of Directors proposals for the general meeting of shareholders regarding the appointment and removal of the Company’s auditors. In 2018, the Audit and Risk Management Committee held two meetings.

Super Majority Rights

Pursuant to the terms of the Recharge Loan, the Company had agreed to provide Recharge with certain super majority rights, including Board representation that consists of two representatives or constitutes at least one third of the Board at all times, higher thresholds for Board approval of certain corporate actions and right of first refusal to underwrite any equity issue (subject to statutory pre-emptive rights of the shareholders). These super majority rights had extinguished with the resignation of the two Recharge Board Directors, namely Scott Macaw and Robert Robertsson, announced by the Board on 25 November 2016.

Definition of areas of responsibility

The Board of Directors has delegated the operational Management of the business of the Company and of the Group to the Executive Committee, unless the law, the Articles of Association or the Organisational Regulations provide otherwise. The scope of tasks for which the Board of Directors has retained responsibility includes in particular the following duties and competencies:

- Ultimate Management and direction of the Company and issuance of the necessary directives;
- Determination of the organisation of the Company including resolutions relating to the opening of new branch offices, incorporation and sale of subsidiaries and the sale and acquisition of participations in other companies and decision on and approval of the basic financial, legal and organisational structure of the Group;
- Organisation of the accounting, the Internal Control System (ICS), the financial control, the financial planning and assessment and supervision of risk assessment and risk Management;
- Determination of the strategy and business policy of the Group;
- Approval of the business plan of the Group, prepared by the Executive Committee based on the strategic goals;
- Approval of the budget and financial planning documentation prepared by the Executive Committee prior to the year-end; in particular cost budgets which include all material costs and forecasted revenues (e.g. salaries, investments, sales, etc.);
- Monitor financial stability of the Group (liquidity, safety and appropriate return);
- Approval of budget increases during the financial year;
- Decision on and approval of all corporate transactions (corporate actions), in particular material acquisitions, dispositions, investments and strategic and financing transactions;
- Appointment and removal the members of the Executive Committee and of other important managers, and grant of signatory powers;
- Ultimate supervision of the persons entrusted with the Management, in particular with respect to compliance with the law, the Articles of Association, the Organisational Regulations and other regulations and directives;
- Preparation of the business report (including the financial statements) as well as of the shareholders meeting, and implementation of its resolutions;
- Determination of the compensation principles and the compensation framework of the Group; and
- Proposal of reorganisation measures to the general meeting of shareholders if half the share capital is no longer covered by the Company's net assets; notification of the judge (filing for bankruptcy) in the case of over indebtedness.

Further, the approval of the Board of Directors is required for specific transactions that do not fall under the ordinary business activities and/or which financially exceed defined thresholds.

The Executive Committee is responsible for all areas of Management of the Company that are not specifically reserved to the Board of Directors. The Executive Committee has in particular the following duties and competencies:

- Management of the operations of the Company and the Group and implementation of the strategy and business policy of the Group decided by the Board of Directors;
- Execution of decisions and instructions of the Board of Directors;
- The Management and supervision of all ongoing business and transactions of the Company and the Group, except for decisions that require the prior approval of the Board of Directors;
- Preparation and supervision of compliance with the basic business policies, the operational goals, and the budget and the general compensation principles;
- Performance of risk supervision over the Group;
- Preparation and submission of the annual and semi-annual financial statements and of (i) the annual report for approval by the Board of Directors, (ii) the periodical reporting to the Board of Directors on the ongoing state of business of the Group;
- Preparation of the yearly budget for approval by the Board of Directors and proposals to the Board of Directors regarding budget increases during the financial year;
- Preparation and implementation of the general human resources policy, employee matters of general concern and the hiring and head count planning; and
- Immediate information to the Board of Directors with respect to increased risks in the ongoing business and extraordinary events.

Information and control instruments vis-à-vis the Executive Committee

The Board of Directors supervises the Executive Committee and monitors its performance through appropriate reporting and control systems.

At each meeting of the Board of Directors, the Chief Executive Officer reports on the course of business and important business events. Other instruments that enable the Board of Directors to monitor and control the Executive Committee are:

- monthly written reports from the Executive Committee featuring key figures with comparison against the previous year and the budget, and information on order intake, order backlog and inventory and liquidity of the Group together with a brief report by the Chief Executive Officer and the Chief Financial Officer;
- annual strategic analysis of the operating segments together with a plan, amended each year by the Executive Committee, for the next few years;
- annual revision of the business risk matrix for the Group by the Executive Committee;
- special reports by the Executive Committee on important investments, acquisitions and cooperative agreements.

The Chairman is regularly (in between meetings of the Board of Directors) briefed by the Chief Executive Officer on the current course of business and is promptly informed about any extraordinary events. The Company's Internal Control System (ICS) consists of seven groups of analysis which are checked and reviewed on a regular basis. The statutory auditor assesses and reports on the effectiveness of the Internal Control System (ICS) to the Board of Directors once a year.

These groups of analysis are:

- Finance with a focus on cash and cash equivalents, payment rights, equity and value added tax (VAT);
- Fixed assets with a focus on the registrations of the fixed assets, their correct depreciation and impairments if necessary;
- Inventory with a control of the goods entries and deliveries as well as the correctness of the inventory;
- Information Technology and its recovery plan;
- Payroll and related payment or accounting issues;
- Purchases with a focus on the material resources planning (MRP) and on the adequacy of merchandising entries and accuracy of invoices received;
- Sales with a focus on billing system and accounts receivable survey.

The Company defines and evaluates the most important risks based on a risk map comprising the following categories:

- Strategy with a focus on the market, the competitors and the technology;
- Assets with a focus on industrial accidents and environmental liabilities;
- Supply Chain;
- Products and Services and the setup of the new production line, including suppliers, approvals, deliveries, ramp-up and product quality;
- Projects and Processes;
- Finance and cash control;
- Legal;
- Human Resources;
- Information and Know How with a focus on Information Technology.

Under the oversight of the Quality & Risk Manager, a risk analysis is processed regularly: each risk belongs to one person responsible for its mitigation and a detailed catalogue of mitigating measures is prepared. The most important risks, along with possible measures to prevent and mitigate potential damages, are presented to the Audit and Risk Management Committee once a year. An audit of the risks has been performed in May 2016 and subsequently updated in October 2017 and in October 2018. In addition, the Board of Directors addresses most of the above-mentioned risk categories at each meeting. On this basis, the Board of Directors is monitoring the risks of the Group. The Company has no internal audit.

External Mandates

According to Article 23^{decies} of the Articles of Association, members of the Board of Directors may not hold more than four additional mandates in companies that are quoted on an official stock exchange and seven additional mandates in non-quoted companies. The following mandates are not subject to these limitations: a) mandates in companies which are controlled by the Company; b) mandates held by order and on behalf of the Company or any controlled company, it being understood that such mandates shall not be more than five for each member of the Board of Directors or of the Executive Committee; and c) mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations and other comparable structures, it being understood that such mandates shall not be more than ten for each member of the Board of Directors or of the Executive Committee. The term "mandates" shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the Swiss commercial register or a corresponding foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

5. Executive Committee

The Executive Committee is responsible for all areas of Management of the Company and the Group that are not specifically reserved to the Board of Directors. Members of the Executive Committee are appointed by the Board of the Directors. The Executive Committee is chaired by the Chief Executive Officer.

Members of the Executive Committee

Name	Nationality	Position	Initially appointed
Anil Srivastava	French	Chief Executive Officer and Executive Vice President EMEA	2014
Hubert Angleys	French	Chief Financial Officer and Chief Operating Officer	2016
Pierre Blanc	Swiss	Chief Technology and Industrial Officer	2006
Fabrizio Marzolini	Swiss and Italian	Executive Vice President Customer Projects Delivery	2013
Bryan Urban	American	Executive Vice President Stationary Storage Solutions	2016

Anil Srivastava, French, born 1960, joined the Company in June 2014. Prior to joining the Company, Mr. Srivastava was the Chief Executive of Areva Renewables and a member of the Areva Group's executive committee from January 2009 to December 2011. Prior to his positions at Areva, he held senior executive positions in companies such as TomTom Group and Alcatel-Lucent. Most recently, Mr. Srivastava was a member of the Executive Board of Windreich AG in Germany between June 2012 and December 2012, Chief Executive of Windkraft Union GmbH in Germany from January 2013 to September 2013, Managing Director of Climate Holdings BV, in the Netherlands, from September 2013 to May 2014 and Director of Oakridge Inc. from February 2014 to July 2014. Mr. Srivastava serves as an Advisor (with no remuneration) to the Board of Agua Via Ltd in the UK. He obtained a master's degree from the National Institute of Technology in India and graduated with an Executive MBA from the Wharton School of Business at the University of Pennsylvania in the USA.

Hubert Angleys, French, born 1958, has been appointed Chief Financial Officer and member of the Executive Committee at Leclanché SA starting February 2016. Prior to his new role, he served as CEO of the Swiss leading precious metal refining group Metalor until July 2014, after holding the Chief Financial Officer position for twelve months. Prior to joining Metalor, he held various Financial Director positions for Europe and for upstream and downstream businesses at Alcoa, the American giant aluminium group. He has also deep experience leading finance functions of international groups that operate in different sectors of activity, like Digital Equipment, Tomy Toys, RJ Reynolds Tobacco, or even Sicpa with executive oversight for treasury, tax, controllership, financial planning and analysis, audit, mergers and acquisitions and cash Management. He holds a degree in accounting, business administration and law.

Pierre Blanc, Swiss, born 1970, joined the Company in 2000. He is Chief Technology and Industrial Officer of Leclanché. His previous positions include Development Manager of primary cells and Head of the R&D department at Leclanché between 2004 and 2006. Prior to that, from 2000 to 2004, Mr. Blanc was Chemical Engineer at Leclanché where he was responsible for the development and manufacturing of battery cells of major brands such as Varta, Energizer, Panasonic and Enersys. Since 2014, Mr. Blanc has been a board member (without remuneration) of the German non-profit Kompetenznetzwerk Lithium Ionen Batterien (KLiB). He holds a B.A. Moderatorship Chemistry from Trinity College Dublin.

Fabrizio Marzolini, Swiss/Italian, born 1969, joined Leclanché in 1994. He is Executive Vice President System Engineering and Integration and is responsible for the development of battery solutions comprising battery

Management software and electronics. Fabrizio Marzolini holds a degree in electricity engineering from the "Ecole d'ingénieur d'Yverdon" and an executive Master of Business Administration (MBA) from Haute Ecole d'Ingénierie et de Gestion du Canton de Vaud (HEIG-VD).

Bryan Urban, American, born 1964. Mr. Urban has 25 years of energy development, finance and operational experience, covering a broad array of power generation and energy infrastructure assets in the Americas and Asia/Pacific. Mr. Urban is the Managing Partner at Silveron Capital Partners where he heads a boutique investment banking and advisory team specialising in financing and M&A transactions for power and alternative energy companies. He founded Silveron in 2006 and is responsible for the firm’s strategic initiatives, client development and deal execution. Mr. Urban has been engaged in the alternative energy sector for over 10 years, and has previously served as member of the board of directors of Blue Pillar, Inc. and Oakridge Energy Technologies, both based in the US. He actively serves on the Advisory Board for Taylor Biomass Energy in the US. Between 1992 and 2006, Mr. Urban worked for Panda Energy International and between 1999 and 2006 he was the Senior Vice President-Finance and CFO. Early in his career he spent five years with Arthur Andersen where he was involved with both audit engagements and M&A transactions. Mr. Urban is a CPA and earned a Bachelor of Science from Indiana University. Mr. Urban acted as Company's Board member from 2013 to 2016: at the shareholder’s meeting of 4 May 2016, Bryan Urban has stepped down from the Board to assume the top-role in managing the North American subsidiary.

Management contracts

As at 31 December 2018, there are no Management contracts between the Company and third parties.

External Mandates

According to Article 23^{decies} of the Articles of Association, members of the Executive Committee may hold up to two mandates in quoted or non-quoted companies, subject to approval by the Board of Directors. For a description of the scope of the term "mandate", see section “3. Board of Directors/External Mandates”.

6. Compensation, Shareholdings and Loans

See Compensation Report, page 24.

7. Voting rights and participation at shareholders’ meetings

The Articles of Association contain rules in relation to the independent voting rights representative and on the electronic participation in the general meeting of shareholders. The general shareholders' meeting shall elect the independent voting rights representative for a term of office ending after completion of the following ordinary shareholders' meeting. The independent voting rights representative may be re-elected.

Right to vote ("one share, one vote")

Any shareholder who is registered as a shareholder with voting rights has the right to attend and to vote at the general meeting of shareholders. Each share of the Company entitles its holder to one vote.

Shareholder registration

Voting rights may only be exercised by a shareholder who is recorded in the share register. Shareholders are recorded upon demand in the share register as shareholders with voting rights, if they expressly declare to have acquired their shares in their own name and for their own account or if they indicate the name, surname, domicile, address and citizenship (registered office for legal entities) of the person in which name or for which account they hold the shares.

No restrictions on voting rights
Subject to the registration of the shares in the share register, the Articles of Associations do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

Representation
Shareholders having the right to vote may be represented at the general meeting of shareholders by another person authorised by a written proxy, or by a legal representative or by the independent voting rights representative. Such representative does not need be a shareholder of the Company.

Quorum
The general meeting of shareholders constitutes a quorum regardless of the number of shares represented and the number of shareholders present, to the extent that the law does not provide otherwise.

Resolutions and elections
The general meeting of shareholders passes resolutions and carries out elections by relative majority of votes, to the extent that the law or the Articles of Association do not provide otherwise. The Articles of Association state that a qualified majority of two-thirds of the share votes represented is required to pass a resolution to modify or abrogate Article 4 (*Transferability of shares*), Article 14 (*Votes and elections*) and to revoke more than one third of the members of the Board of Directors.

Convening
The general meeting of shareholders is convened by the Board of Directors or, if necessary, upon request by the auditors. The Board of Directors is further required to convene an extraordinary general meeting of shareholders if so requested in writing, indicating the items and the motions, by one or more shareholders holding in aggregate at least 10% of the Company's nominal share capital.
The general meeting of shareholders is called at least 20 days prior to the day of the general meeting by only one publication in the Swiss Official Gazette of Commerce and, although not required by the Articles of Association, by ordinary mail to the address of registered shareholders recorded in the share register.

Agenda
The general meeting of shareholders can only deliberate on items which are on the agenda, except for the propositions to call an extraordinary general shareholders' meeting or to carry out a special audit. One or more shareholders holding shares with a nominal value of at least kCHF 1’000 in the aggregate, have the right to request in writing that a specific proposal be put on the agenda and voted upon at the next general meeting of shareholders.

Closing date for registration in the share register
Only those shareholders with voting rights whose names were recorded in the Company's share register on the respective closing date, may attend the general meeting and exercise their voting rights. For organisational reasons, the Board of Directors has determined that no new registrations will be made in the share register during a period of up to two weeks before a general meeting. There are no exceptions to this rule regarding the closing date.

8. Change of Control and Defence Measures

Duty to submit an offer
The Swiss Stock Exchange Act provides that anyone who, directly, indirectly or acting in concert with third parties, acquires equity securities exceeding 33⅓% of the voting rights of a company - whether or not such rights are exercisable - is required to make an offer to acquire all listed equity securities of that company. A

company may raise this threshold to 49% of the voting rights ("opting up") or may, under certain circumstances, waive the threshold ("opting out").

On 10 April 2013, the Annual General Meeting of shareholders of the Company had resolved to include an "opting up" article in the Articles of Association of the Company that increased the threshold for a mandatory takeover offer under the Swiss Stock Exchange Act (SESTA) from the statutory threshold of 33⅓% to 49%. As a result, under this "opting up" article, an acquirer of the shares was obliged to make a public tender offer pursuant to Article 32 SESTA only if, as a result of the acquisition of shares, the threshold of 49% of the Company's voting rights (whether exercisable or not) was exceeded.

At the shareholders' general meeting held on 4 May 2016, the shareholders approved the Board of Directors' proposal to remove the Article 5 of the Company's Articles of Association and suppress the "opting up" clause. Consequently, the applicable threshold for a mandatory takeover offer was back to 33⅓%.

At the shareholders' general meeting held on 26 July 2017, the shareholders approved the Board of Directors' proposal to modify the Article 5 of the Company's Articles of Association and add the "opting up" clause. Consequently, the applicable threshold for a mandatory takeover offer is back to 49%.

On 9 October 2018, 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.

Change of control clauses

There are no change of control clauses (e.g. golden parachutes) included in agreements or schemes benefitting members of the Board of Directors and/or of the Executive Committee except for in the employee stock option plan approved by the Board of Directors on 3 December 2018 ("**2018 CSO Plan**") which provided that in the event of a change of control, the Appointments and Remuneration Committee (appointed by the Board of Directors) may exercise its absolute discretion to determine and notify to Option holders of (i) the extent to which such outstanding CSOs may become Vested CSOs; and (ii) any specific period (of at least 30 business days from the date of the Appointments and Remuneration Committee's notification to Option holders) within which CSOs may then be exercised. However, it has to be noted that Anil Srivastava, CEO of the Company, has a clause in his employment agreement stating that in the event of a change of control, all his granted stock options would vest. Such a change of control happened on 12 December 2018 when FEFAM converted kCHF 54,700 of its debt, causing them to raise their shareholding of Leclanché to 64.3%.

9. Auditors

The Company's statutory auditor has been PricewaterhouseCoopers SA, Avenue Charles-Ferdinand Ramuz 45, CH-1001 Lausanne, since 2008. At the Annual General Meeting of 6 June 2018, the shareholders appointed PricewaterhouseCoopers SA, in Lausanne, as the statutory auditor for the financial year 2018. Mrs. Corinne Pointet-Chambettaz holds the position of auditor in charge since 2015. As required by law, the lead auditor has to be changed every seven years.

In 2018, the fees of the PricewaterhouseCoopers Group for the audit of the consolidated and statutory financial statements of the Leclanché Group amounted to kCHF 383 and to kCHF 42 for other services (including tax services).

The Board of Directors evaluates each year the performance of the auditor and decides whether he should be proposed to the Annual General Meeting of shareholders for re-election. Criteria applied for the performance assessment of the auditor are the quality of the Management letter, technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to the Company, willingness to probe and challenge, ability to provide effective, practical recommendations and open and effective communication and coordination with Management.

10. Information Policy

The Company is committed to a policy of open, transparent and continuous information. The Company publishes annual and semi-annual reports. Detailed information is provided at the Annual General Meeting of shareholders. Matters affecting the share price are published immediately in accordance with the ad-hoc publicity rules of the SIX Swiss Exchange.

Annual and semi-annual reports, ad-hoc announcements and other press releases, current share price, as well as general information about the Company can be found at the Company's website - www.leclanche.com.

Interested persons can subscribe to the free e-mail service to receive all ad-hoc announcements and other press releases as well as financial reports via e-mail at http://www.leclanche.com/investor-relations/investor-communication/register-for-updates/.

Interested persons may also communicate with the Company directly through the following contact:

Anil Srivastava – CEO / Hubert Angleys – CFO & COO
T : +41 (0) 24 424 65 00
E-mail : invest.leclanche@leclanche.com

Leclanché Group

Compensation Report 2018

1. Compensation report

This compensation report provides information on the remuneration of the members of the Board of Directors and Executive Committee which in the past was presented in the corporate governance report and consolidated financial statements of the Company.

1.1. Legislation

The legislation and regulations governing the compensation practices of the Group are set out in the following documents:

- Swiss Code of Obligations
- Ordinance Against Excessive Compensation at Listed Companies (VegüV), and section 95 para. 3 of the Swiss constitution
- Listing Rules of the SIX Swiss Exchange
- Directive on Information Relating to Corporate Governance
- Swiss Code of Best Practice for Corporate Governance
- Articles of Association of the Company

1.2. Guiding principles

The Company operates a remuneration system designed to align the interests of the members of the Board of Directors and Executive Committee with those of the Group, shareholders and other stakeholders. The individual remuneration components take account of the Group's sustainable short- and long-term business development. As the objective is also to attract and retain highly qualified executives and professionals, the remuneration system is focused on providing competitive remuneration with a fixed and a variable component. The remuneration system is periodically reviewed by the Board of Directors.

1.3. Compensation system

1.3.1. Members of the Board of Directors

The members of the Board of Directors receive a non-performance related compensation in the form of a Board of Directors fee, which is proposed on an annual basis by the Appointments and Remuneration Committee and decided upon by the entire Board of Directors. The fee amount depends on the exposures and responsibilities and the specific tasks performed by each individual member during the financial year and is paid in cash. The Chairman and the members of the Audit and Risk Committee are entitled to additional annual fee.

1.3.2. Members of the Executive Committee

The compensation for the members of the Executive Committee is verified and proposed on an annual basis by the Appointments and Remuneration Committee. The total compensation, which comprises fixed and variable components, is decided upon by the entire Board of Directors. The members of the Executive Committee receive a base salary commensurate with the job profile and the employee's experience and skills and a performance related cash bonus. The base salary is assessed annually against responsibility and experience and is adjusted when needed. A target cash bonus is defined for each member of the Executive Committee at the beginning of the financial year and this forms the basis for the calculation of the cash bonus actually paid shortly after the end of the financial year. The 2016 cash bonus was not paid in 2017. It has been paid in cash in the first quarter of 2018. The 2017 cash bonus has been paid in the fourth quarter of 2018. The amount of bonus actually paid is determined taking into account corporate and individual targets and may vary according to a matrix from 0% to 150% of the target amount.

1.3.3. Equity incentive plans

From 2014, the Company introduced a performance related Capped Stock Option ("**CSO**") Plan for senior executives and high performer employees. The purpose of the Plan is to provide selected senior executives and high performer employees within the Group with the opportunity to participate in Leclanché's long-term success, subject to shareholders' approval and in compliance with the Minder Initiative. The Plan is designed to direct the focus of such employees on the long-term share price appreciation, promote the long-term financial success of the Group and generally align the interests of employees with those of shareholders.

At the Grant Date, the Appointments and Remuneration Committee may use its absolute discretion to select Eligible Persons holding a Contractual Relationship with a Group Entity to receive a Notice of Grant setting out, amongst other information, the number of CSOs granted to the Eligible Persons. The Appointments and Remuneration Committee (on behalf of the Company) shall grant to an Eligible Employee a number of CSOs and the Company shall issue a CSO Certificate to the Grant holder.

CSOs granted in the CSO Certificate are categorised into three tranches. At the Vesting Date of each Tranche, unless the Appointments and Remuneration Committee determines otherwise, 100% of CSOs in each Tranche are subject to be vested. The Exercise Price of one CSO shall be equal to the higher of 80% of the average Share Price for the sixty (60) business days (60-day VWAP) preceding the Grant Date, or of the par value per share.

1.4. Ordinance Against Excessive Compensation at Listed Companies (Vegüv), and section 95 para. 3 of the Swiss constitution

A revised version of the Articles of Association with regard to the Board of Directors and Executive Committee compensation, taking into account the Ordinance Against Excessive Compensation at Listed Companies (OAEC, VegüV) had been submitted to the 2015 Shareholders' General Meeting and had been approved.

1.5. Compensation in fiscal year 2018

This section of the compensation report provides information on the compensation offered by the Company in the fiscal year 2018 to the Board of Directors, Chief Executive Officer and Executive Committee, as required by the OAEC.

1.5.1. Board of Directors

In the fiscal year 2018, the members of the Board of Directors received an aggregate total cash compensation of kCHF 463 (prior year: kCHF 369). The total cost to the Company including pension, insurance and perquisites amounted to kCHF 492 (prior year: kCHF 373).

Leclanché
Energy Storage Solutions

Detailed information on the compensation of the members of the Board of Directors:

Total compensation 2018

Name	Position	Base cash compensation (kCHF)	Consulting fee (kCHF)	Options (kCHF)	Social charges (kCHF)	Total (kCHF)
Jim Atack (1)	Chairman	159	-	-	-	159
Stefan Müller (2)	Chairman / Member (and chairman of Audit & Risk Committee)	105	-	-	17	122
David Ishag	Member	50			12	62
Tianyi Fan	Member (and member of Audit & Risk Committee)	58	-	-	-	58
Adam Said (3)	Member	21	-	-	-	21
Cathy Wang (3)	Member	25	-	-	-	25
Pierre-Alain Graf (3)	Member	43	-	-	-	43
Axel Joachim Maschka (4)	Member (and member of Audit & Risk Committee)	4	-	-	-	4
TOTAL		**463**	**-**	**-**	**29**	**492**
Of which amount due at year-end						**112**

(1) Resigned from the Board of Directors on 11 December 2018
(2) New Chairman since 11 December 2018
(3) Resigned from the Board of Directors on 6 June 2018
(4) New Board member since 11 December 2018

Total compensation 2017

Name	Position	Base cash compensation (kCHF)	Consulting fee (kCHF)	Options (kCHF)	Social charges (kCHF)	Total (kCHF)
Jim Atack	Chairman	100	-	-	-	100
Peter Wodke (1)	Member (and chairman of Audit & Risk Committee)	33	-	-	-	33
Adam Said	Member	50	-	-	-	50
David Ishag	Member	50	-	-	-	50
Stefan Müller	Member (and chairman of Audit & Risk Committee)	54	-	-	3	58
Tianyi Fan (2)	Member (and member of Audit & Risk Committee)	33	-	-	-	33
Cathy Wang (2)	Member	25	-	-	-	25
Pierre-Alain Graf (2)	Member	25	-	-	-	25
TOTAL		**369**	**-**	**-**	**3**	**373**
Of which amount due at year-end						**178**

(1) Resigned from the Board of Directors and the Audit and Risk Committee on 26 July 2017
(2) New Board member since 26 July 2017

Leclanché
Energy Storage Solutions

1.5.2. Executive Committee

In the fiscal year 2018 the aggregate overall cash compensation of the Executive Committee amounted to kCHF 2’571 (prior year kCHF 1’478). This amount includes the compensation paid to the Executive Committee members during their respective executive functions. The 2016 bonus has not been paid in 2017. 2016 and 2017 bonuses have been paid in cash in 2018. The total cost to the Company including capped stock option grants, pension, insurance and perquisites amounted to kCHF 3’622 (prior year kCHF 2’389).

The highest total compensation in the Group in fiscal year 2018 was earned by Mr. Anil Srivastava, CEO of the Company. His total cash compensation in fiscal year 2018, consisting of a fixed annual base salary and a variable performance-related compensation (2016 and 2017 bonuses) amounted to kCHF 869 (2017: kCHF 522). The total cost to the Company including capped stock option grants, pension, insurance and perquisites amounted to kCHF 1’429 (2017: kCHF 1’114).

The employment contracts with members of the Executive Committee do not contain any severance payments. There are no employment contracts with members of the Executive Committee with notice periods of more than six months.

Total Executive Committee compensation 2018

All amounts in kCHF	Base Salary	Bonus 2016	Bonus 2017	**Total Cash Compensation**	Options	Social charges	**Total Compensation**
Global compensation	1'622	427	522	**2'571**	722	330	**3'622**
of which highest compensation to Anil Srivastava (CEO)	519	175	175	**869**	449	111	**1'429**

Total Executive Committee compensation 2017

All amounts in kCHF	Base Salary	Bonus	**Total Cash Compensation**	Options	Social charges	**Total Compensation**
Global compensation	1'478	0	**1'478**	625	286	**2'389**
of which highest compensation to Anil Srivastava (CEO)	522	0	**522**	500	93	**1'114**

1.5.3. Service benefits and benefits in kind

In 2018, no service benefits and benefits in kind have been granted to members of the Board of Directors or to members of the Executive Committee in the year under review.

In 2017, the rent of a flat of one member of the Executive Committee has been paid from January to July 2017 by Leclanché. The total rent paid in 2017 amounted to kCHF 32. No other service benefits and benefits in kind have been granted to members of the Board of Directors or to members of the Executive Committee in the year under review.

1.5.4. Sign-on bonuses

No sign-on payments have been granted to members of the Board of Directors or to members of the Executive Committee in the year under review.

1.5.5. Loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities

No loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities have been granted to present or past members of the Board of Directors or to present or past members of the Executive Committee (including persons related to them) in the year under review, and no such loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities are outstanding.

1.5.6. Loan Waivers

No Group companies waived repayment of any loan obligations due a member of the Board or of the Executive Committee in the year under review.

1.5.7. No fees or compensation for any additional services

In the year under review the members of the Board of Directors and of the Executive Committee did not receive any fees or compensation for any additional services rendered to any Group companies.

1.5.8. Former members of Management

No compensation was paid to persons who ceased to be a member of the Board of Directors or of the Executive Committee in the year under review or in prior years, nor to parties related to them beyond that due to them during their tenure.

1.5.9. Related parties

In the year under review, no compensation was paid to related parties of the Board of Directors or of the Executive Committee.

1.5.10. Shareholdings in the Company

Detailed information about the participations of the members of the Board of Directors and of the Executive Committee (including related parties) through shares and option rights in the Company is disclosed in Note 2.8 of the 2018 statutory financial statement.

pwc

Report of the statutory auditor

to the General Meeting of LECLANCHE SA

Yverdon-les-Bains

We have audited the section "1.5 Compensation in fiscal year 2018" of the compensation report (pages 26 to 29) of LECLANCHE SA for the year ended 31 December 2018.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

(Page 2)

Opinion

In our opinion, the compensation report of LECLANCHE SA for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Patrick Wagner
Audit expert Auditor in charge	Audit expert

Lausanne, 4 April 2019

Leclanché Group

Consolidated financial statements 2018

Consolidated income statement for the year ended December 31, 2018

	Notes	2018	2017
		kCHF	kCHF
Revenue from contracts with customers	3 / 4.1	48'105	11'727
Other income	4.2	640	6'296
Total income		**48'745**	**18'023**
Raw materials and consumables used		-45'698	-15'705
Personnel costs	4.4	-21'473	-17'907
Other operating expenses	4.3	-19'318	-16'177
Net impairment losses on financial and contract assets		-1'342	-59
Total operating expenses		-87'831	-49'848
Earnings Before Interest, Tax, Depreciation and Amortisation		**-39'086**	**-31'825**
Depreciation, amortisation and impairment expenses	7,8	-2'965	-4'232
Operating Loss		**-42'051**	**-36'057**
Finance costs	4.5	-9'398	-2'579
Finance income	4.6	1'447	119
Loss before tax for the year		**-50'003**	**-38'518**
Income tax	5	-714	50
Loss for the year of the Group		**-50'717**	**-38'468**

Consolidated statement of comprehensive loss for the year ended December 31, 2018

		2018	2017
		kCHF	kCHF
Loss for the period		-50'717	-38'468
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	14	-969	1'952
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		-530	1'251
Other comprehensive income/(loss) for the period		-1'499	3'202
Total comprehensive loss for the period		-52'216	-35'265

The accompanying notes form an integral part of the consolidated financial statements.

Leclanché
Energy Storage Solutions

Consolidated balance sheet at December 31, 2018

	Notes	31.12.2018 kCHF	31.12.2017* kCHF
ASSETS			
Non-current assets			
Property, plant and equipment	7	12'430	10'553
Intangible assets	8	5'585	4'512
Financial assets	9	5'775	1'557
Trade and other receivables	11	532	-
Investments accounted for using the equity method	9	742	-
		25'063	16'623
Current assets			
Inventories	10	19'890	12'705
Trade and other receivables	11	16'319	20'065
Advance to suppliers		4'727	9'293
Contract assets	4.1	12'849	3'449
Cash and cash equivalents	18	8'438	6'635
		62'224	52'147
TOTAL ASSETS		87'287	68'769
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12	175'716	104'524
Share premium		313	3'307
Reserve for share-based payment	13	2'487	1'674
Other reserves		4'975	4'975
Translation reserve		-3'878	-3'348
Equity component of warrants and convertible loans	16	1'124	17'140
Remeasurements of post-employment benefit obligations	14	-16'078	-15'109
Accumulated losses		-146'303	-102'195
		18'355	10'967
Non-current liabilities			
Defined benefit pension liability	14	10'783	8'456
Convertible Loans	16A	31'270	9'908
Loans	17	6'259	3'365
Deferred tax liability	5	388	375
		48'699	22'104
Current liabilities			
Provisions	15	1'377	271
Convertible Loans	16A	5'302	14'995
Loans	17	100	100
Trade and other payables	19	10'863	15'993
Contract liabilities	4.1	2'592	4'339
		20'233	35'698
TOTAL LIABILITIES		68'932	57'802
TOTAL EQUITY AND LIABILITIES		87'287	68'769

** for comparison purposes, advance to suppliers, contract assets and contract liabilities have been disclosed separately. In 2017, they were presented in "Trade and other receivables" and "Trade and other payables"*

The accompanying notes form an integral part of the consolidated financial statements.

Leclanché
Energy Storage Solutions

Consolidated statement of changes in equity for the year ended December 31, 2018

	Notes	Issued share capital	Share premium (1)	Reserve for share-based payment	Other reserves	Equity component of convertible loans	Translation reserve	Remeasure-ments of post-employment benefit obligations	Accumulated losses	Total
		Attributable to equity holders of the parent								
		kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2017		72'005	11'294	1'006	4'975	944	-4'599	-17'061	-73'899	-5'335
Loss for the period		-	-	-	-	-	-	-	-38'468	-38'468
Other comprehensive income:										-
Remeasurements of post employment benefit obligations	14	-	-	-	-	-	-	1'952	-	1'952
Currency translation differences		-	-	-	-	-	1'251	-	-	1'251
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**1'251**	**1'952**	**-38'468**	**-35'265**
Cancellation of share premium and other reserves against accumulated losses		-	-10'171	-	-	-	-	-	10'171	-
Reserve for share-based payment	13	-	-	668	-	-	-	-	-	668
Warrants exercice	12/16C	334	303	-	-	-303	-	-	-	334
Capital increase Baring Asset Management - 10.04.2017	12	1'436	1'080	-	-	-	-	-	-	2'516
Capital increase as of 19.07.2017	12	2'625	802	-	-	-	-	-	-	3'427
Capital increase by loan conversion (MCN) - 29.09.2017	12/16A	1'500	-	-	-	-	-	-	-	1'500
Capital increase by loan conversion (MCN) - 29.09.2017	12/16A	15'000	-	-	-	-	-	-	-	15'000
Capital increase by loan conversion (Facility B/C) - 29.09.2017	12/16A	5'383	-	-	-	-	-	-	-	5'383
Capital increase by loan conversion (Facility B/C) - 06.10.2017	12/16A	5'617	-	-	-	-	-	-	-	5'617
Capital increase by loan conversion (MCN) - not yet registered	12/16A	623	-	-	-	-	-	-	-	623
MCN Golden Partner	12/16A	-	-	-	-	16'500	-	-	-	16'500
Balance at 31 December 2017		**104'524**	**3'307**	**1'674**	**4'975**	**17'140**	**-3'348**	**-15'109**	**-102'195**	**10'967**
Balance at 1 January 2018		104'524	3'307	1'674	4'975	17'140	-3'348	-15'109	-102'195	10'967
Adjustment on initial application of IFRS 15 (net of tax)									171	171
Adjusted Balance at 1 January 2018		104'524	3'307	1'674	4'975	17'140	-3'348	-15'109	-102'024	11'138
Loss for the period		-	-	-	-	-	-	-	-50'717	-50'717
Other comprehensive income:										
Remeasurements of post employment benefit obligations	14	-	-	-	-	-	-	-969	-	-969
Currency translation differences		-	-	-	-	-	-530	-	-	-530
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**-530**	**-969**	**-50'717**	**-52'216**
Cancellation of share premium and other reserves against accumulated losses		-	-1'882	-	-	-	-	-	1'882	-
Reserve for share-based payment	13	-	-	813	-	-	-	-	-	813
Share premium adjustment	12/16C	-	19	-	-	-	-	-	-19	-
Leclanché Bvba sale - 30.06.2018		-	-1'132	-	-	-	-	-	1'132	-
MCN Golden Partner - 05.06.2018	12	16'500	-	-	-	-16'500	-	-	-	-
Capital increase by loan conversion - 12.12.2018	12/16A	54'692	-	-	-	-9'729	-	-	3'443	48'406
Equity component of convertible loans	12/16A	-	-	-	-	10'213	-	-	-	10'213
Balance at 31 December 2018		**175'716**	**313**	**2'487**	**4'975**	**1'124**	**-3'878**	**-16'078**	**-146'303**	**18'355**

(1) No transaction costs are accounted for as a deduction of Share premium in 2018 (2017: 257 KCHF)

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended December 31, 2018

	Notes	31.12.2018	31.12.2017
		kCHF	kCHF
Operating activities			
Loss for the year of the Group		-50'717	-38'468
Non cash adjustments:			
Depreciation of property, plant and equipment	7	1'568	1'782
Amortisation of intangible assets	8	1'398	2'443
Result on scrapping of fixed assets	7,8	86	86
Non-realised foreign exchange differences		-346	1'124
Recognised expense for stock option plan	13	813	668
Adjustment on associates		1'247	-
Pension cost		638	927
finance cost		9'318	1'739
Working capital adjustments:			
(In)/Decrease in trade and other receivables		6'231	-8'436
(In)/Decrease in contract assets		-9'400	-
(In)/Decrease in advances to suppliers		4'565	-
(In)/Decrease in inventories		-7'186	-3'097
In/(Decrease) in contract liabilities		-1'748	-
In/(Decrease) in trade and other payables		-5'457	-3'547
In/(Decrease) in provisions	15	1'106	207
Income taxes paid		-78	-
Interest paid		-2'215	-121
Net cash used in operating activities		**-50'175**	**-44'694**
Investing activities			
Purchase of property, plant and equipment	7	-3'619	-2'501
Investment in financial assets	9,11	-6'568	-4'062
Investment in associates	9	-1'989	-
Acquisition of intangible assets	8	-2'037	-8
Net cash used in investing activities		**-14'214**	**-6'571**
Financing activities			
Proceeds from share capital increase	12	-	6'200
Proceeds from warrants exercised	16C	-	334
Proceeds from convertible loans	16A	63'267	11'000
Transaction costs on conversion of loan into capital		-	-257
Proceeds from Mandatory Convertible Note	16B	0	33'623
Proceeds from non convertible loans	17	3'000	2'704
Repayment of loans	17	-75	-75
Net cash from financing activities		**66'192**	**53'529**
Increase / (Decrease) in cash and cash equivalent		**1'803**	**2'264**
Cash and cash equivalent at 1 January		6'635	4'545
Cash and cash equivalent at 31 December		8'438	6'635
Effect of exchange rate changes		-	173
Variation		**1'803**	**2'264**

The accompanying notes form an integral part of the consolidated financial statements.

Leclanché
Energy Storage Solutions

Notes to the consolidated financial statements 2018

CORPORATE INFORMATION

Group structure

Leclanché SA (the "**Company**") was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on 3 August 1909 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarters at Avenue des Sports 42, CH-1400 Yverdon-les-Bains. The Company is listed under the Main Standard on the SIX Swiss Exchange under Swiss security number 11030311 (ISIN: CH0110303119). The Company is listed under the symbol "**LECN**".

Leclanché S.A.'s subsidiaries and associates are:

	Registered offices	Country	Currency	Share capital (CHF)	Ownership interest
Leclanché GmbH	Willstätt	Germany	EUR	270'600.00	100%
Leclanché UK Ltd	London	England	GBP	100.00	100%
Leclanché North America Inc.	Wilmington, Delaware	USA	USD	0.01	100%
Leclanché Canada Inc. (1)	Victoria, British Colombia	Canada	CAD	0.00	100%
Leclanché BVBA (2)	Turnhout	Belgium	EUR	0.00	0%
Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge (3)	Ahmedabad, Gujarat	India	INR	550'500'000	25.01%

(4) Leclanché Canada Inc. has been incorporated on 3 November 2017.

(5) Activity transferred to Leclanché SA during 2018 and legal entity sold as at 30 June 2018

(6) Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge has been incorporated on 29 September 2018

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Leclanché SA and its subsidiaries (the "**Group**") are dedicated to the design, development and manufacturing of customised turnkey energy storage solutions for electricity generation and transmission, mass transportation, heavy industrial machines and specialty battery systems.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 4 April 2019, but they are subject to approval of the shareholders' general meeting.

The main activities of the Group are described in Note 3.

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation

The consolidated financial statements of Leclanché SA have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations.

The policies set out below have been consistently applied to all the years presented except for IFRS 9 and IFRS 15 using the retrospective approach. These consolidated financial statements have been prepared under the historical cost convention, except for items to be recorded at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.

(B) New and amended accounting standards and IFRIC interpretations

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on 1 January 2018:

- On 1 January 2018, IFRS 15 'Revenue from Contracts with a Customer' came into effect. The new standard replaces the current IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. It establishes principles for recognising, measuring and reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Under IFRS 15, revenue from contracts with customers is recognised based on a five-step model and the transaction price is allocated to each distinct performance obligation on the basis of the relative stand-alone selling prices. Revenue is no longer recognised upon the transfer of risks and rewards but when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. The standard also provides guidance on the treatment of any costs to obtain and/or fulfil a contract that may be recognised as assets.

  We have reviewed our revenue accounting policies to determine whether there will be a material impact on initial application of the standard. The following areas highlight the IFRS 15 considerations with respect to our various revenue streams:

  a) For the sale of goods (delivery of batteries, systems for electrical storage devices, accessories), no change upon adoption of IFRS 15 was identified as the point in time control is transferred coincides with the point in time upon which significant risks and rewards have been transferred.

  b) For the sale of energy storage solutions projects, including batteries, storage devices in addition to project Management and installation services, IFRS 15 requires the assessment of whether such contracts comprise of one or multiple performance obligations. We have analysed the related revenue guidance to determine if the individual promises in such contracts meet the definition of distinct goods or services and concluded that the contracts include one performance obligation; a delivery of an energy storage solution.

     The determination of the number of performance obligations in such contracts is driven by the assessment of whether the entity's promise to transfer goods and services is distinct within the context of the contract. In the case of our current energy solution projects, the customer is purchasing a comprehensive energy solution with a certain capacity and not individual components of it. Therefore, we deem the batteries, storage devices, project Management and installation services as inputs to produce an output. Revenue in connection with these contracts is booked over time as the Group is building or enhancing an asset that the customer controls.

Although the above assessment is in line with the previous accounting policy under IAS 18, whereby revenue for the entire project was recognized over time using the percentage of completion, we have aligned the calculation of the measurement of progress to be consistent with the enhanced guidance provided under IFRS 15. Therefore, revenue and related fulfilment costs adjustments were booked.

The Group has applied the modified retrospective approach in transitioning to IFRS 15 as of 1 January 2018.

The following tables summarize the impact of adopting IFRS 15 on the Group’s Consolidated statement of profit and loss ended 31 December 2018 and statement of financial position for the year ending 31 December for each of the lines affected.

Impact on the Group’s consolidated statement of profit and loss ended 31 December 2018

	As reported	Impact of IFRS 15	Without adoption of IFRS 15
	kCHF	kCHF	kCHF
Sales of goods and services	48'105	224	47'882
Other income	640	-	640
Total income	**48'745**	**224**	**48'521**
Operating expenses	-87'831	-395	-87'437
Earnings Before Interest, Tax, Depreciation and Amortisation	-39'086	-171	-38'915
Operating Loss	-42'051	-171	-41'880
Loss for the year	**-50'717**	**-171**	**-50'546**

Impact on Group’s consolidation statement of financial position ending 31 December 2018

	As reported 31.12.2017	Impact of IFRS 15	Split out - advances to suppliers	As of 1.1.2018
	kCHF	kCHF	kCHF	kCHF
Trade and other receivables	32'807	-3'449	-9'293	20'065
Advances to suppliers			9'293	9'293
Contract assets		3'449		3'449
Current assets	**32'807**	**-**	**-**	**32'807**
Accumulated losses	-102'195	171	-	-102'024
Equity	**-102'195**	**171**	**-**	**-102'024**
Provisions	64	2'254		2'318
Trade and other payables	20'332	-6'988		13'344
Contract liabities		4'339		4'339
Current liabilities	**20'396**	**-395**	**-**	**20'001**

- Amendments to IFRS 2 'Share-based payment'. The amendment clarifies the accounting treatment of (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (clarification that the valuation is not in the scope of IFRS 13 ‘Fair value Measurement’); (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group has applied this amendment from 1 January 2018 but it has no impact on the consolidated financial statements.

- IFRS 9 'Financial Instruments' replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies without any significant impact on its financial instruments (composed of loans, receivables and financial liabilities at amortised costs) in its consolidated financial statements. The new accounting policies are set out in note 1. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

  No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss.

  IFRS 9 also contains a new impairment model, the expected credit loss model (ECL). The group was required to revise its impairment methodology under IFRS 9 for its financial assets. The impact of the change in impairment methodology on the group's retained earnings and equity was immaterial.

  The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

  On the date of initial application, 1 January 2018, the financial instruments of the group were as follows, with any reclassifications noted:

	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)	Difference
			kCHF	kCHF	kCHF
Financial assets	FVPL	FVPL and Amortised Cost	1'557	1'557	-
Trade and other receivables	Loans and receivables	Amortised cost	-	-	-
Non-current financial assets			**1'557**	**1'557**	**-**
Trade and other receivables	Loans and receivables	Amortised cost	20'065	20'065	-
Cash and ash equivalent	Loans and receivables	Amortised cost	6'635	6'635	-
Current financial assets			**26'700**	**26'700**	**-**
Convertible loans	Amortised cost	FVPL and Amortised Cost	9'908	9'908	-
Loans	Amortised cost	Amortised cost	3'365	3'365	-
Non-current financial liabilities			**13'273**	**13'273**	**-**
Convertible loans	Amortised cost	FVPL and Amortised Cost	14'995	14'995	-
Loans	Amortised cost	Amortised cost	100	100	-
Trade and other payables	Amortised cost	Amortised cost	15'993	15'993	-
Current financial liabilities			**31'088**	**31'088**	**-**

- IFRIC Interpretation 22 'Foreign Currency Transaction and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) - IFRIC 22 addresses foreign currency transactions as parts of transactions where there is a consideration that is denominated or priced in a foreign currency. The interpretation establishes that the date of transaction (for determining the exchange rate to use) is the date of payment/receipt of advance consideration. The interpretation provides further guidance for situations where multiple payments/receipts are made. The Group has applied this amendment from 1 January 2018 but without any significant impact on its consolidated financial statements.

New standards, interpretations to existing standards and standards amendments that are not yet effective:

- IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) - Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 is likely to have a significant impact on the financial statements of a number of lessees.

  For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

  Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  The Group will apply IFRS 16 from 1 January 2019, using the modified retrospective approach, the standard will affect primarily the accounting for the Group's operating leases. The Group has identified all the leases that are currently in use and the majority of these leases are for production plants and office rentals. The Group will take exemptions to elect not to apply IFRS 16 requirements to short term leases and low value leases. The application of the new standard will result in an increase in non-current assets and borrowings on the consolidated balance sheet, however the impact on net assets will not be material. the Group expects to recognize right-of-use assets and lease liabilities in a range consistent with its current operating lease commitments disclosed in note 22. On the consolidated income statement, the Group does not anticipate a significant impact on net result however there will be a reallocation of its current operating lease expense between operating expenses and finance costs.

(C) Consolidation

The annual closing date of the individual financial statements of all Group companies is 31 December to the exception of Exide Leclanché Energy Private Limited (ELEPL) – Nexcharge which annual closing date is 31 March.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration if classified either as equity or financial liability. Amounts classified as financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed, is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(D) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swiss Franc "**CHF**", which is the Group's presentation currency.

Transactions and balances

The local currency is generally used as the reporting currency throughout the world. In the respective entity financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the balance sheet date. Transactions are recorded using the prevailing exchange rate at the time of the transaction. All resulting foreign exchange transaction gains and losses are recognised in each subsidiary's income statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rates at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates; and
(iii) all resulting exchange differences are recognised in other comprehensive income, under "Cumulative translation adjustment".

On consolidation, exchange difference arising from the translation of the net investment in foreign operations, as well as from long-term internal financing, are taken to "Cumulative translation adjustment" in other comprehensive income. On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity (in other comprehensive income) in respect of that operation attributable to the equity holders of the Company are reclassified to the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity, and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(E) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee and to the Board of Directors.

(F1) Revenue recognition

Revenue includes the fair value from the sale of goods and services, net of value-added tax, rebates, discounts and sales commissions and after eliminating sales within the Group.

(a) Sale of goods

Sale of goods is recognised when control of the goods are transferred to the customer and collection of the related receivables is highly probable. Sale of goods may include delivery of batteries, rechargeable batteries, systems for electrical storage device and some accessories.

(b) Projects

Projects consists in the delivery and installation of an energy storage solution. Leclanché applies the Input method for measuring progress over time for projects.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the measurement of progress of the transaction at the end of the reporting period. Under this method, revenue is recognised in the accounting periods in which the services are rendered.

To be able to estimate the outcome of a transaction reliably, the entity must be able to make a reliable estimate of total transaction revenue, the measurement of progress and the costs to complete the transaction. The measurement of progress is determined as the proportion of the transaction costs incurred for services rendered to date compared to the estimated total transaction costs.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by Management.

(c) Licence sale

Revenue from licensing arrangements is recognised upon commencement of the term of the license or when the renewal term begins, as applicable. Sales of a licence technology without further sellers' obligation is recognised at a point of time.

(d) Interest income

Interest income is recognised using the effective interest method.

(F2) Revenue recognition - Accounting policies applied until 31 December 2017

Revenue includes the fair value from the sale of goods and services, net of value-added tax, rebates, discounts and sales commissions and after eliminating sales within the Group.

(a) Sale of goods

Sale of goods is recognised when delivery to the customer has occurred, the significant risks and rewards have been transferred to the buyer and collection of the related receivables is reasonably assured. Sale of goods may include delivery of batteries, rechargeable batteries, systems for electrical storage device and some accessories.

(b) Small projects

Small projects consist in the delivery and installation of an energy storage solution. For small projects, revenue is recognised once the project is completed.

(c) Large projects

Large projects including Engineering, Procurement & Construction (EPC) services provided by Leclanché, are considered and treated as construction contracts. A construction contract is defined as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. Leclanché applies the percentage of completion method for projects.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The recognition of revenue by reference to the stage of completion is often referred to as the percentage of completion method. Under this method, revenue is recognised in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides full information on the extent of service activity and performance during a period.

To be able to estimate the outcome of a transaction reliably, the entity must be able to make a reliable estimate of total transaction revenue, the stage of completion and the costs to complete the transaction. The stage of completion is determined as the proportion of the transaction costs incurred for services rendered to date compared to the estimated total transaction costs.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(d) Interest income

Interest income is recognised using the effective interest method.

(G) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government grants related to intangible asset shall be presented in the statement on financial position by deducting the grant in arriving at the carrying amount. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(H) Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or a liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(I) Property, plant and equipment

All property, plant and equipment are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and in the condition necessary for it to be capable of operating in the manner intended by Management and is calculated on a straight-line basis over the useful life, according to the following schedule:

	Useful life in years
Production machinery	8 - 10
Machinery, equipment	5 - 10
Tools	3 – 5
Computers and information networks	2 – 4
Office furniture and equipment	5
Vehicles	5

Assets are depreciated on a straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal or retirement of tangible fixed assets are determined by comparing the proceeds received with the carrying amounts and are included in the consolidated income statements.

(J) Intangible assets

(a) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. They have a finite useful life (5 to 6 years) and are subsequently carried at cost less accumulated amortisation (amortisation on a straight-line method) and impairment losses.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

(b) Patents, licences and rights of use

The patents have been acquired as part of a business combination. The useful life (7 to 12 years) assigned to the patents is based on the maturity of the patents and the value was assessed based on estimated economic benefit that such patents rights can provide.

Separately acquired rights of use are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation (amortisation on a straight-line method) and impairment losses.

(c) Know-how and software

Separately acquired know-how and software are shown at historical cost. Know-how and software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life (3 to 5 years) and are subsequently carried at cost less accumulated amortisation (amortisation on a straight-line method) and impairment losses.

(K1) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, amortised cost, and fair value through other comprehensive income.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets – fair value through profit and loss (FVPL)

Financial assets at FVPL are recognised initially at fair value plus transaction costs. Financial assets at FVPL are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(b) Financial assets – amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement they are carried at amortised cost using the effective interest method, when maturity is over one year. Carrying amount is after consideration of an allowance for impairment. Gains and losses are recognised in profit or loss when financial assets at amortised cost are derecognised or impaired.

(K2) Financial assets - Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided below continues to be accounted for in accordance with the group's previous accounting policy.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity loans, and available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

(c) *Financial assets*

Financial assets are recognised initially at fair value plus transaction costs for trade and receivables. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(d) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method, when maturity is over one year. Carrying amount is after consideration of an allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

(L) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods comprises direct production costs and an appropriate proportion of production overheads and factory depreciation. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Furthermore, inventories which are no longer part of production and sales plans are directly written off from the gross value of inventories. A valuation adjustment is booked for slow-moving and obsolete inventories.

(M1) Trade and other receivables

Trade receivables are amounts due from customers for services performed or goods delivered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. In addition, a provision for impairment is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

(M2) Trade and other receivables - Accounting policies applied until 31 December 2017

Trade receivables are amounts due from customers for services performed or goods delivered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

(N) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. Cash and cash equivalents include cash in hand and highly liquid investments with original maturities of three month or less. This position is readily convertible to known amounts of cash. Bank overdrafts are shown within short-term financial debt in current liabilities on the balance sheet.

(O) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, reduce the proceeds from the equity issue and are recognised directly in equity.

(P) Loans and borrowings

Interest bearing loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation is discharged or cancelled or expires.

Compound financial instruments issued by the Group comprise convertible loans that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method whereas the equity component is not re-measured.

For convertible loans issued by the Group with an embedded derivative, the embedded derivative liability fair value is recognised first and the residual value is assigned to the host liability component. Subsequent to initial recognition, the host liability component is measured at amortised cost using the effective interest method whereas the embedded derivative is remeasured at fair value.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

(Q) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms. Other payables are non-interest bearing and have an average term of six months. Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(R) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not, that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(S) Employee benefits

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange of these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancies, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Share-based payments

The Group operates three equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(T) Comparatives

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(A) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. Management also needs to exercise judgement in applying the new Group's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Uncertainties and ability to continue as a going concern

Following the conversion into equity of existing debts in the amount of kCHF 54'692 through an ordinary capital increase approved by a majority of the shareholders at the Extraordinary General Meeting held on 11 December 2018, Leclanché has been working with its financial advisors to complete a funding round by the end of Q2 2019 aiming at raising kCHF 35’000 to finance its next 12-month working capital needs and kCHF 40’000 to finance its Yverdon-les-Bains and Willstätt production capacity increase, which is required to deliver its 2020 and beyond order book.

On 16 March 2018 Leclanché signed a ROFO Agreement with FEFAM seeking to finance performance bonds and mergers & acquisitions. As of the date of this report, the Company has drawn down kCHF 16’100 out of the kCHF 49’195 (CHF equivalent of kUSD 50’000) contemplated in the ROFO Agreement.

On 29 March 2019, FEFAM has committed to convert into equity kCHF 35’962 of its debt before 30 June 2019, which will continue to improve Leclanché’s balance sheet. Additionally, on 3 April 2019, Golden Partner related parties have committed to provide the required working capital facility through a kCHF 35’000 non-convertible debt that will be drawn down in three instalments between May and December 2019.

Leclanché is still in discussion with other investors and remains confident to successfully raise by the end of Q2 2019 the amount required to finance its production capacity expansion.

Subject to the continuing availability of sufficient equity including the ability to raise additional funds, and based on the already secured funding round, the Board of Directors believes that the Group will be able to meet all of its obligations for at least the next twelve months as they fall due, and the consolidated financial statements have therefore been prepared on a going concern basis. However, despite the recent commercial and funding successes, there remain material uncertainties over the turnaround and execution of the growth plan of the Company, which may cast doubts on the Company's ability to continue as a going concern.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, Management must estimate the expected cash flows from the asset and choose a suitable discount rate. The realisation of the projects is a key assumption of the impairment testing performed.

Based on Management assessment, no project have been impaired as of 31 December 2018 (2017: kCHF 772).

Pension benefits

The present value of the pension obligations (see Note 14) depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The independent actuary of the Group uses statistical based assumptions covering future withdrawals of participants from the plan and estimates on life expectancy. The actuarial assumptions used may differ materially from actual results due to changes in market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences could impact significantly the amount of pension income or expenses recognised in future periods.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Revenue recognition for projects

Revenue arising from the provision of services in projects is recognised by reference to measurement of progress of the transaction at the end of the reporting period. This method requires that the entity be able to make a reliable estimate of total transaction revenue, the measurement of progress and the costs to complete the transaction. Under the input method for measuring progress over time, contract revenue is recognised as revenue in the income statement in the accounting periods in which the work is performed. In 2018, the amount of revenue subject to the Input method for measuring progress over time is of kCHF 36’477 (2017: CHF 2’776) (see Note 4.1).

The input method for measuring progress overtime involves:

- Estimating the outcome of the contract reliably;
- Determining the revenue and costs attributable to the stage of completion of the contract; and
- Determining the profit attributable to the stage of completion.

Leclanché determines the measurement of progress through measuring the costs incurred for work performed to date compared to the total estimated costs.

(B) Critical judgements in applying the entity's accounting policies

Valuation of Convertible Loans

Based on the conversion mechanism, the various convertible loans (see Note 16A) have been accounted for as a debt instrument with an embedded derivative for the conversion elements (when it leads to a variable number of shares) or equity component (when it leads to a fixed number of shares). The host has been subsequently accounted for at amortised cost, whereas the embedded derivative has been fair valued with changes recorded to profit and loss. Commonly accepted pricing models have been used to fair value the Embedded derivative (level 2). The equity component is recognised initially as the difference between the fair value of the convertible loan as a whole and the fair value of the liability component. The determination of the convertible loan as a whole is based on the following significant unobservable input: market rate (20%). This input has been estimated based on management's judgements.

Deferred income tax asset

Deferred income tax assets are recognised for all unused tax losses only to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Judgement is required from Management to determine the amount of tax asset that can be recognised, based on forecasts and tax planning strategies. Given the uncertainty in the realisation of future taxable profits, no tax asset has been recognised as of 31 December 2018. Had the Group estimated that all available tax losses could be used, the effect would have been an additional income of kCHF 32'834 as of 31 December 2018 (2017: kCHF 44'537).

3. SEGMENT INFORMATION

From a product perspective, Management assesses the performance of the operating segments based on a measure of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). The impact on personnel costs related to IAS 19 / IFRIC 14 and finance income and charges are not included in the result of each operating segment.

Since 1 January 2018, the operating business is organised in 3 segments:

- **Stationary Business Unit** (renamed from "Utility Scale Generation & Microgrids - USGM") sells customised systems to support customers in both electricity generation markets (such as renewable energy integration, micro-grid or distributed power) and in transmission and distribution markets (so-called grid ancillary services).
- **e-Transport Business Unit** (renamed from "E-transport - Mobility") sells customised systems to support customers in the mass marine, road and rail transportation.
- **Specialty Battery Business Unit** (renamed and merged from "Commercial & Industrial Battery Systems - CIBS" and "Energy Efficiency Solutions - EESO") develops and delivers both turn-key customised solutions and off-the-shelf solutions incorporating battery storage and/or charging solutions utilising both in-house and third-party technologies for civil, military, medical and industrial machineries markets. Specialty BU also sells branded consumer products on selected markets (Distribution).

All costs that cannot be allocated directly to the three business units above are grouped under Corporate, and are kept under regular review by the Executive Committee.

The segment information for the reportable segment is as follows:

in kCHF	Transport Business Unit		Stationary Business Unit		Specialty Business Unit		Corporate Costs (1)		**Total**	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Timing of revenue recognition:										
At a point in time	*750*	*355*	*-40*	*363*	*6'893*	*8'178*	*4'265*	*55*	*11'868*	*8'951*
Over time	*-*	*-*	*36'238*	*2'776*		*-*		*-*	*36'238*	*2'776*
Revenue from contracts with customers	750	355	36'197	3'139	6'893	8'178	4'265	55	48'105	11'727
EBITDA	-3'643	-4'099	-12'372	-6'605	-2'323	-1'654	-20'749	-19'467	-39'086	-31'825
EBIT	-4'314	-4'789	-14'239	-8'721	-2'557	-2'350	-20'942	-20'198	-42'051	-36'057
Segment assets	14'808	6'979	53'219	45'565	7'282	5'490	11'978	10'735	87'287	68'769
Depreciation, amortisation and Impairement	-671	-690	-1'867	-2'116	-234	-696	-193	-730	-2'965	-4'232
Acquisitions of tangible and intangible assets	3'054	921	2'784	1'386	-	-	511	202	6'349	2'509

(1) Revenue in 2018 not related to a segment corresponds mainly to the sale of IP rights for kCHF 3,741

A reconciliation of total EBITDA to net loss for the year is provided as follows:

Reconciling items	**31.12.2018**	**31.12.2017**
	kCHF	kCHF
EBITDA reportable segment	**-18'338**	**-12'358**
Corporate costs	-20'749	-19'467
Depreciation and amortization	-2'965	-4'232
EBIT	**-42'051**	**-36'057**
Finance revenue	1'447	119
Finance costs	-9'398	-2'579
Income tax	-714	50
Loss for the period	**-50'717**	**-38'468**

For geographical information, sales are allocated based on where the customer is located.

Revenue	**2018**	**2017**
	kCHF	kCHF
Switzerland	3'958	5'332
Germany	21'717	80
United States	6'600	1'786
Canada	6'989	990
Others	8'841	3'540
	48'105	**11'727**

Non-current assets	**2018**	**2017**
	kCHF	kCHF
Switzerland	7'656	6'035
Germany	10'020	8'696
Belgium	-	136
North America	339	199
	18'015	**15'065**

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4. REVENUES AND EXPENSES

4.1 REVENUE FROM CONTRACT WITH CUSTOMERS

The Group has the following types of revenues:

Revenue	**2018**	**2017**
	kCHF	kCHF
Projects	36'238	2'776
Sales of goods	8'126	8'951
Licence sale	3'741	-
	48'105	**11'727**
At a point in time	11'868	8'951
over time	36'238	2'776
	48'105	**11'727**

In 2018, the Group realised 33.6% and 14.1% of its revenue with two customers belonging to Stationary BU. In 2017, the Group realised 11.2% of its revenue with one customer belonging to Stationary BU and 20.0% of its revenue with one customer belonging to the Speciality BU.

The Group has recognised the following assets and liabilities related to contract with customers:

	2018	**2017**
	kCHF	kCHF
Contract Revenue	48'105	11'727
The net balance sheet position for ongoing contracts is as follows:		
Contract liabilities	-2'592	-4'339
Contract assets	12'849	3'449
	10'258	**-890**

Contract assets have increased as the group has provided more services ahead of the agreed payment schedules for fixed-price contracts. As of 31 December 2018, contract assets relates mainly to two contracts representing 85% of the balance.
Contract liabilities have decreased by kCHF 1,747 vs. 2017. As of 31 December 2018, contract liabilities relates mainly to one contract representing 46% of the balance.

In 2016, the Company entered into two construction contracts that are close to be finished at the end of 2018. One of the revenue contracts is with an entity controlled by individuals who hold an equity interest in the Group. The entity is considered a third party as the Group has no control over its relevant activities or exposure to the variable returns of the entity. In addition, it is not expected that the Group has no continued involvement in the large project after it has been transferred to the third-party entity.
The second revenue contract is with an entity in which the Group holds 11.5% equity interest as 31 December 2018 (2017: 11.5%). It has been assessed that, despite the interest held in the counterparty, the Group neither controls nor has significant influence on this entity and consequently the revenue results from a third party.

Revenue recognised in 2018 in relation to contract liabilities as at 1 January 2018 amounts to kCHF 4’280.

4.2 OTHER INCOME

	2018	2017
	kCHF	kCHF
Government grants	462	3'492
Other income	178	2'804
	640	**6'296**

Government grants relate mainly to the E-ferry project (e-Transport business unit) for kCHF 421 (2017: kCHF 3'421). Grants have been received from the European Union and the State Secretariat for Education, Research and Innovation (SERI) in Switzerland as well as from public authorities in Denmark. As at 31 December 2018, grants have been paid for a cumulative amount of kCHF 2'544, an amount of kCHF 1'180 is to be received in the future.

In April 2016, Leclanché GmbH in Willstätt suffered an accidental fire in a section of the factory, which destroyed two machines, as well as some inventories, and damaged some infrastructure. The last instalment of kCHF 2'226 from the insurance has been received in 2017 and booked in "Other income".

4.3 OTHER OPERATING EXPENSES

	2018	2017
	kCHF	kCHF
Consulting costs	5'328	4'186
Legal costs	2'566	1'055
Rental and storage costs	2'307	1'939
Travel costs	2'036	1'437
Manufacturing costs	135	185
Sales & marketing costs	252	371
Transport and packaging	1'861	1'498
Building facilities	806	918
Administration costs	636	575
Sundry duties and capital taxes	578	334
Insurances	434	212
Commissions on financing	718	2'129
Miscellaneous	1'662	1'339
	19'318	**16'177**

4.4 PERSONNEL COSTS

	2018	2017
	kCHF	kCHF
Salaries	17'184	14'750
Social charges	2'023	1'562
Recognised expense for stock option plans	908	668
Pension cost (defined benefit plan)	1'358	927
	21'473	**17'907**

4.5 FINANCE COSTS

	2018	2017
	kCHF	kCHF
Contractual interests expenses on loans	4'189	1'788
Additional finance costs on convertible loans	5'140	-
Bank charges	70	80
Realised and unrealised exchange losses	-	711
	9'398	**2'579**

4.6 FINANCE INCOME

	2018	2017
	kCHF	kCHF
Interests income	301	119
Realised and unrealised exchange profits	1'146	-
	1'447	**119**

4.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenditures recognised as an expense during 2018 amount to kCHF 735 (2017: kCHF 1’368).

5. INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expenses and shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2018	2017
Income Tax expense	kCHF	kCHF
Current income tax	702	81
(Decrease)/Increase on deferred income tax	13	-131
Income tax expenses/(income)	**714**	**-50**

The Group's expected tax expenses for each year is based on the applicable tax rate in each individual jurisdiction where the Group operates, which in 2018 ranged between 20% and 31% (2016: between 20% and 40%). The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2018	2017
	kCHF	kCHF
Loss before income tax	-50'003	-38'518
Tax calculated at tax domestic rates applicable to profits in the respective countries	-9'977	-8'409
Tax effects of:		
- tax losses for which no deferred income tax asset was recognised	6'110	10'365
- change in deferred tax rate	3'165	-
- change in deferred tax liabilities / assets	13	-131
- income not subject to tax / (expenses not deductible for tax purposes)	3'147	-1'848
- Utilisation of previously unrecognised tax losses	-1'743	-
- other	-	-27
Total	**714**	**-50**

The weighted average applicable tax rate of the tax rates prevailing in Switzerland, Belgium, Germany, UK, Canada and USA respectively, was 22.5% (2017: 22.1%). The slight increase is due to changes in the mix of the taxable results of the individual Group companies.

The split of deferred tax assets and deferred tax liabilities is as follows:

	31.12.2018	31.12.2017
	kCHF	kCHF
Deferred tax liability		
Property, plant and equipment	388	375
	388	**375**
Deferred tax assets		
Unused tax losses carried forward	-	-
	-	**-**
Net deferred tax liability	**388**	**375**

Deferred income tax assets were recognised to the extent that the realisation of the related tax benefit through future taxable profits was probable. Due to the volatility of the results of the Group companies benefiting from tax losses, the Management has decided not to recognise any deferred income tax assets as at 31 December 2018. The Group has tax losses available in Switzerland until 2025 and Germany (non-perishable) for offset against future taxable profits of the Company. Following the decision made in 2017 to transfer Leclanché BVBA business to Switzerland, Belgium tax losses had been cancelled in the same year.

The maturity table hereafter shows the tax losses for which no deferred tax assets are recognised:

	31.12.2018	**31.12.2017**
Maturity Date	kCHF	kCHF
2018	-	7'451
2019	6'025	6'025
2020	23'445	23'445
2021	12'118	12'118
2022	41'285	41'285
2023	64'009	64'009
2024	42'433	42'433
2025	44'276	-
Non perishable tax losses	1'931	4'677
Total	**235'523**	**201'443**

In 2018, unused tax losses amounting to kCHF 7’451 have expired (2017: kCHF 8’195).

6. EARNINGS PER SHARE

(A) Basic

Basic earnings per share amounts are calculated by dividing the net result attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	2018	**2017**
	kCHF	kCHF
Net loss attributable to ordinary equity holders of the parent	-50'717	-38'468

	2018	**2017**
Weighted average number of ordinary shares in issue	79'000'369	55'253'686

	2018	**2017**
Earnings per share	CHF	CHF
- basic	-0.64	-0.70
- diluted	-0.64	-0.70

(B) Diluted

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The existing potential ordinary shares relating to the stock option plan (Note 13), to the warrants (Note 16C) and to the convertible loans (Note 16A), do not affect the diluted loss per share, since they would be anti-dilutive (same as 2017).

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7. PROPERTY, PLANT AND EQUIPMENT

	Machinery, installations and tools	Furniture and computers	Vehicles	Construction in progress	Total
	kCHF	kCHF	kCHF	kCHF	kCHF
Gross values :					
As at 01.01.2017	26'814	1'789	136	-	28'739
Additions	1'203	184	-	1'114	2'501
Scrapping	-0	-59	-104	-	-163
Reclassification	-10	-5	0	-	-15
Exchange differences	2'067	77	9	-	2'153
As at 31.12.2017	30'074	1'987	41	1'114	33'215
Accumulated depreciation and impairment:					
As at 01.01.2017	18'015	1'426	103	-	19'543
Depreciation	1'642	140	-	-	1'782
Scrapping	-0	-51	-68	-	-118
Reclassification	-10	-5	0	-	-15
Exchange differences	1'408	57	5	-	1'470
As at 31.12.2017	21'054	1'567	41	-	22'662
Net value as at 31.12.2017	**9'020**	**420**	**-**	**1'114**	**10'553**
Gross values :					
As at 01.01.2018	30'074	1'987	41	1'114	33'215
Additions	1'113	495	-	2'264	3'871
Scrapping	-1'929	-163	-	-41	-2'133
Exchange differences	-916	127	-	-195	-985
As at 31.12.2018	28'341	2'446	41	3'141	33'969
Accumulated depreciation and impairment:					
As at 01.01.2018	21'054	1'567	41	-	22'662
Depreciation	1'365	202	-	-	1'568
Scrapping	-1'926	-123	-	-	-2'049
Exchange differences	-615	-27	-	-	-642
As at 31.12.2018	19'874	1'624	41	-	21'539
Net value as at 31.12.2018	**8'467**	**822**	**-**	**3'141**	**12'430**

8. INTANGIBLE ASSETS

	Development costs	Patents and licences	Know-how and Software	Total
	kCHF	kCHF	kCHF	kCHF
Gross value :				
As at 01.01.2017	2'883	10'412	243	13'538
Additions	-	-	8	8
Scrapping	-834	-	-60	-894
Exchange differences	162	-	31	193
As at 31.12.2017	2'211	10'412	221	**12'844**
Accumulated depreciation and impairment:				
As at 01.01.2017	1'438	5'073	122	6'633
Amortisation	735	1'591	117	2'443
Scrapping	-797	-	-55	-852
Exchange differences	82	-	27	109
As at 31.12.2017	1'457	6'664	211	8'333
Net value as at 31.12.2017	**754**	**3'748**	**10**	**4'512**
Gross value :				
As at 01.01.2018	2'211	10'412	221	12'844
Additions	2'462	-	16	2'479
Scrapping	-	-	-221	-221
Exchange differences	-41	-	4	-37
As at 31.12.2018	4'633	10'412	20	**15'064**
Accumulated depreciation and impairment:				
As at 01.01.2018	1'457	6'664	211	8'333
Amortisation	186	1'203	8	1'398
Scrapping	-	-	-220	-220
Exchange differences	-36	-	5	-31
As at 31.12.2018	1'607	7'867	5	9'479
Net value as at 31.12.2018	**3'026**	**2'544**	**15**	**5'585**

Development costs

The Group has recognised and capitalised four major projects, as follows:

- Project "Development of new generation of cells" recognised at 31 December 2018 for kCHF 2,462. Availability for use will start in 2019 with a useful life of 5 years.
- Project "E-Transport", recognised at 31 December 2015 for kCHF 637. Availability for use started in 2016 with a useful life of 5 years.
- Project "Development of next generation of G/NMC cells", recognised at 31 December 2015 for kCHF 1'023. Availability for use started in 2015 with a useful life of 5 years.
- Project "A4 cells", recognised at 31 December 2007 for kCHF 1'928. Availability for use started in 2011 with a useful life of 6 years. Project is fully amortized as at 31 December 2018.

9. FINANCIAL ASSETS

	31.12.2018	31.12.2017
	kCHF	kCHF
Investments	974	507
Restricted cash at bank	4'462	-
Other deposits	339	1'051
Total financial assets	**5'775**	**1'557**
investment in associate Nexcharge	742	-
investments accounted for using the equity method	**742**	**-**

(a) Financial assets

The investments consist in:

- the participation of 11.5% (2017: 11.51%) of Leclanché SA, for an amount of kCHF 482(in 2017: kCHF 506.6) in the equity of a Special Purpose Vehicle ("SPV") "Maple Leaf". This structured entity is dedicated to the IESO Ontario Stationary Storage project in Canada. Revenues generated with this SPV amounted to kCHF3'016 in 2018 (2017: kCHF 932) (Note 4.1).
- an equity investment in Fast Charge (trans-Canadian highway project) for an amount of kCHF 492.

Restricted cash at bank corresponds to performance guarantees on current projects under construction and a letter of credit for the construction of a new formation line Leclanché GmbH in Germany.

(b) Investments accounted for using the equity method

Investments accounted for using the equity method, relate to an equity investment in the associate Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge at 25.01%. As this Indian associate is a private entity there is no quoted price available.

The tables below provide summarised financial information for this associate.

income statement for the year ended December 31, 2018

	kCHF	kCHF
	2018	**2017**
Revenue	-	-
Net result for the period	**-**	**-**

balance sheet at December 31, 2018

	kCHF	kCHF
	31.12.2018	**31.12.2017**
Current assets	1'759	-
Non-current assets	6'246	-
Short-term liabilities	-221	-
Net Assets	**7'784**	**-**
Group Share (25.01%)	**1'989**	**-**
Group share according to balancesheet	**742**	**-**
Variance	1'247	-

For Group shares, the difference of kCHF 1'247 results from the elimination of the share of the unrealised profit on the sale of IP to the associate which has been deducted directly from the investments accounting for using the equity method. The adjustments will be reversed by the entity as the associate amortize the asset.

10. INVENTORIES

	31.12.2018	31.12.2017
	kCHF	kCHF
Raw material	9'974	9'732
Work in progress	769	845
Finished goods	10'046	3'677
Provision for inventories	-899	-1'549
Total	**19'890**	**12'705**

The inventories write-down and valuation adjustments recognised as an expense/(profit) amount to kCHF (651) (2017: kCHF (35)) and is included in raw materials and consumables used.

11. TRADE AND OTHER RECEIVABLES

	31.12.2018	31.12.2017
	kCHF	kCHF
Trade receivables, net of provision for impairment - short term	4'765	9'466
Trade receivables, net of provision for impairment - long term	532	-
Short-term loan	8'800	6'264
Other receivables	2'754	4'335
Total trade and other receivables	**16'851**	**20'065**
Advances to suppliers	**4'727**	**9'293**
Total	**21'578**	**29'357**

Trade receivables are non-interest bearing and are generally on 30-90-day terms.

Advances, shown here above as short-term loan, have been injected by Leclanché SA in:

- the SPV "Maple Leaf". As of 31 December.2018, Leclanché SA provided to the SPV a short-term loan of kCHF 7'499 (2017: kCHF 5'333) to finance the "IESO" project. The risk associated with the loan is discussed in Note 21.
- the SPV "Marengo" seeking to finance the "Marengo" project.
- the associate Exide Leclanché Energy Private Limited (ELEPL) – Nexcharge.

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. As at 31 December 2018, this resulted in an allowance of kCHF 132. The figures as of 31 December 2017 are based on the old guidance and resulted in a provision of kCHF 114.

	2018	2017
	kCHF	kCHF
As at 1 January	114	402
Increase / (decrease) of provision	63	15
Use of provision	-45	-302
As at 31 December	**132**	**114**

As at 31 December, the trade and other receivables (excluding short-term loan) ageing balance is as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**60-90 days**	**> 90 days**
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
2018	7'519	2'524	2'117	421	83	2'242
2017	13'801	5'651	1'143	342	-	6'550

There is no significant defaults in the trade and other receivables past due but not impaired.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	31.12.2018	31.12.2017
	kCHF	kCHF
CHF Swiss francs	2'521	1'230
EUR Euros	2'154	1'341
USD US dollars	65	6'895
CAD Canadian dollars	555	-
GBP British pounds	3	-
	5'297	**9'466**

12. SHARE CAPITAL

Ordinary Share capital

As at 31 December 2018, the issued share capital of the Company amounts to kCHF 175'716, divided into 117'143'872 fully paid-in issued shares with a nominal value of CHF 1.50 each.

Number of Shares	**31.12.2018**	**31.12.2017**
	Unit	Unit
Ordinary shares, nominal value CHF 1.50	117'143'872	69'682'541

Number of Shares	**31.12.2018**	**31.12.2017**
	Unit	Unit
As at 1 January	69'682'541	48'003'434
Shares issued	47'461'331	21'679'107
As at 31 December	**117'143'872**	**69'682'541**

Significant shareholders

As per share register :

	% 31.12.2018	31.12.2018 Unit	31.12.2017 Unit
FEFAM	64.3%	75'307'869	31'410'827
Bruellan Group	8.6%	10'081'522	8'490'864
Logistable Limited Group	2.5%	2'881'504	2'987'774
ACE Group	1.6%	1'874'665	2'511'572
Nortrust Nominees Limited (Massachussets Mutual Life Insurance Cie)	0.5%	571'656	2'280'171
Sum of all other shareholders below 3 %	22.6%	26'426'656	22'001'333
Total shares issued	100.0%	**117'143'872**	**69'682'541**

Changes in share capital

During the last two financial years, the following changes in the share capital of the Company have occurred:

- On 20 March 2017, Talisman converted into equity the equivalent amount of kCHF 334 Series A Warrants from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 6 December 2016. Pursuant to this conversion, the Company issued 222’827 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 21 March 2017.

- On 10 April 2017, the Company issued 957’446 new registered shares from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 4 April 2017. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 11 April 2017.

- On 19 July 2017, the Company issued 1’750’001 new registered shares from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016 and by the Board of Directors on 11 July 2017. The contribution for each new registered share is effected by way of cash contribution. The capital increase was registered in the Commercial Register of the Canton of Vaud on 20 July 2017.

- On 20 July 2017, holders of the Company’s outstanding MCN converted into equity the equivalent amount of kCHF 1’500 MCN from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 4 May 2016. Pursuant to this conversion into equity, the Company issued 1’000’000 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 29 September 2017.

- On 20 September 2017, the Company issued 415’500 new registered shares from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017 and by the Board of Directors on 23 August 2017. The contribution for each new registered share is effected by way of cash contribution. The capital increase has not been yet registered in the Commercial Register of the Canton of Vaud.

- On 29 September 2017, holders of the Company’s outstanding MCN converted into equity the equivalent amount of kCHF 15’000 MCN from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017. In addition, on 29 September 2017, FEFAM converted into equity the equivalent amount of kCHF 5’383 (principal and interest) due under the Facility B/C and the Convertible Loan extension, from the Company's conditional capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017. Pursuant to these combined conversions into equity, the Company issued 13’588’763 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 29 September 2017.

- On 6 October 2017, FEFAM converted into equity the equivalent amount of kCHF 5’617 (principal and interest) due under the Facility B/C Convertible Loan from the Company's authorised capital, on the basis of resolutions passed at the Annual General Meeting of shareholders of the Company on 26 July 2017. Pursuant to this conversion into equity, the Company issued 3’744’570 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 6 October 2017.
- On 5 June 2018, FEFAM converted into equity the equivalent amount of kCHF 16’500 due under the outstanding MCN granted to the Company on 8 December 2017. Pursuant to this conversion, the Company issued 11’000’000 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 5 June 2018.
- On 11 December 2018, the shareholders approved at the Extraordinary General Meeting 2018, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion as part of a financial restructuring plan. With the implementation of the Debt-to-Equity-Conversion, previously existing indebtedness of the Company vis-à-vis certain creditors in the aggregate amount of CHF 54’691’996.50, has been converted into equity of the Company with effect as at 12 December 2018. Pursuant to this conversion into equity, the Company issued 36’461’331 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 12 December 2018.

Conditional share capital

The conditional share capital of the Company represents an aggregate amount of kCHF 60’512 and is divided into the following components:

Conditional capital reserved for Equity Incentive Plans

Pursuant to Article 3ter of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of kCHF 4’500 through the issuance of a maximum of 3’000’000 fully paid-in registered shares with a nominal value of CHF 1.50 each, by the issuance of new shares to employees of the Company and Group companies. The pre-emptive rights of the shareholders are excluded. The shares or rights to subscribe for shares shall be issued to employees pursuant to one or more regulations to be issued by the Board of Directors or, to the extent delegated to it, the Appointments and Remuneration Committee, taking into account performance, functions, levels of responsibility and profitability criteria. The Board of Directors determines the issue price. Shares or subscription rights may be issued to employees at a price lower than that quoted on the stock exchange. The new registered shares are subject to the restrictions set forth in Article 4 (*Transferability of shares*) of the Articles of Association. As at 31 December 2018, no shares were issued on the basis of Article 3ter of the Articles of Association.

Conditional capital reserved for financing purposes

Pursuant to Article 3^{quinquies} of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of kCHF 56’012, by issuing a maximum of 37’341’270 fully paid-in registered shares with a nominal value of CHF 1.50 each. The increase takes place through the exercise of conversion, option, or similar rights, which are granted in connection with newly or already issued bonds, similar obligations, loans or other financial market instruments or contractual obligations of the Company or one of its Group companies and/or by the exercise of option rights issued by the Company or one of its Group companies ("Financial Instruments"). Shareholders’ pre-emptive rights are excluded with respect to the issuance of Financial Instruments. The then current holders of Financial Instruments are entitled to subscribe for the new shares. The conditions of Financial Instruments shall be determined by the Board of Directors. The Board of Directors is authorised to restrict or deny the advance subscription rights of the shareholders:

1. In connection with the Convertible Loan Agreement with Recharge ApS ("Recharge") and ACE Energy Efficiency SPC ("ACE") dated 7 December 2014, with any amendments (the "Convertible Recharge Loan/ACE"); or
2. For the purpose of financing or refinancing of investments or the expansion plan of the Company; or
3. If the Financial Instruments are issued to strategic investors or partners; or
4. If the Financial Instruments are issued on national or international capital markets or through a private placement; or
5. For the purpose of a firm underwriting of such Financial Instruments through a banking institution or a syndicate of banking institutions or a third party/third parties with subsequent offering to the public; or
6. For the purpose of financial restructuring, in particular for the conversion of debt into equity.

The conversion rights granted to Recharge/ACE under the Recharge/ACE Convertible Loan, in accordance with paragraph 1, are necessary for the restructuring and future expansion of the Company. The conversion will be carried out in accordance with the terms of the Recharge/ACE Convertible Loan. The conversion could be exercised until 30 June 2016, which can be extended (in accordance with the terms of the respective contracts). If advance subscription rights are excluded on the basis of this Article 3^{quinquies} (Conditional Share Capital for Financing Purposes), the following shall apply: The Financial Instruments will be issued in accordance with the conditions of the relevant market, taking into account the financing and operating position of the Company, the share price and/or other similar instruments with a market value. The issuance with an issue price below the market price of the shares is possible. The conversion rights may be exercised for a maximum period of 10 years, and the options may be exercised for a maximum period of 7 years, in both cases from the date of the relevant issuance or entry. The new registered shares shall be subject to the limitations pursuant to Article 4 of these Articles of Association.

Authorised share capital

Pursuant to Article 3^{quater} of the Articles of Association, the Board of Directors is authorised until 1 May 2020 to increase the share capital up to a maximum amount of kCHF 60'512 through the issue of a maximum of 40'341'270 fully paid-in registered shares with a nominal value of CHF 1.50 each. An increase in partial amounts shall be permitted. The Board of Directors may issue new shares by means of a firm underwriting through a banking institution or a syndicate of banking institutions or a third party/third parties and a subsequent offer of these shares to the current shareholders.
The Board of Directors shall determine the date of issue of new shares, the issue price, the type of payment, the beginning date for dividend entitlement, the conditions for the exercise of pre-emptive rights and the allocation of pre-emptive rights that have not been exercised. The Board of Directors is entitled to permit, to restrict or to exclude the trade with pre-emptive rights. The Board of Directors may permit pre-emptive rights that have not been exercised to expire or may cancel such rights or it may place these rights and/or shares as to which pre-emptive rights have been granted but not exercised at market conditions or use them for other purposes in the interest of the Company. The Company may freely dispose of its own funds by way of conversion (including through contribution reserves to the Company's capital) in accordance with Article 652d of the Swiss Code of Obligations up to the total issue price of each share.
The Board of Directors is further authorised to limit or withdraw the pre-emptive rights of shareholders and allocate such rights to the individual shareholders or third parties if the shares are to be used:

1. In connection with the ApS Convertible Recharge Loan Agreement ("Recharge") and ACE Energy Efficiency SPC ("ACE") dated 7 December 2014 (the "Recharge/ACE Convertible Loan"), as amended several times, the lenders were entitled to pay all or part of the issue price by offsetting the receivables granted under the Recharge/ACE Convertible Loan; or
2. In connection with the Recharge/ACE Convertible Loan, as amended from time to time if the lenders require the Company to carry out a capital increase; or

3. In connection with the financing and refinancing of the Company's investments or acquisitions (including part of an enterprise or participations) or the financing or refinancing by the Company of acquisitions (through equity or convertible loans); or
4. In connection with the options granted to Talisman Infrastructure International Ltd, a company associated with Talisman Infrastructure Ventures LLP; or
5. In order to grant an over-allotment option (Greenshoe) up to 20% of the total number of shares in an offering or sale of shares to the initial purchaser or subscriber; or
6. In order to use the shares as consideration in the event of mergers, acquisitions or investments of the Company.
7. For issuing new shares if the issue price of the new shares is determined by reference to the market price;
8. For the purpose of broadening the shareholder constituency in certain financial or investor markets or in connection with the listing of new shares on domestic or foreign stock exchanges; or
9. For the purposes of national and international offerings of shares for the purpose of increasing the free float or to meet applicable listing requirements;
10. For the purpose of the participation of strategic investors or partners; or
11. For the purpose of financial restructuring, in particular for the conversion of debt into equity; or
12. For raising capital in a fast and flexible manner (including private placement) which could probably only be achieved with great difficulty without exclusion of the pre-emptive rights of the existing shareholders.

The new registered shares are subject to the transferability restrictions provided for in Article 4 of the Company's Articles of Association.

13. SHARE BASED PAYMENTS

From 2014, the Company introduced a performance related Capped Stock Option ("**CSO**") Plan for senior executives and high performer employees. The purpose of the Plan is to provide selected senior executives and high performer employees within the Group with the opportunity to participate in Leclanché's long-term success, subject to shareholders' approval and in compliance with the Minder Initiative. The Plan is designed to direct the focus of such employees on the long-term share price appreciation, promote the long-term financial success of the Group and generally align the interests of employees with those of shareholders.

At the Grant Date, the Appointments and Remuneration Committee appointed by the Board may use its absolute discretion to select Eligible Persons holding a Contractual Relationship with a Group Entity to receive a Notice of Grant setting out, amongst other information, the number of CSOs granted to the Eligible Persons. The Appointments and Remuneration Committee (on behalf of the Company) shall grant to an Eligible Employee a number of CSOs and the Company shall issue a CSO Certificate to the Grant holder.

CSOs granted in the CSO Certificate is categorised into three tranches. At the Vesting Date of each Tranche, unless the Appointments and Remuneration Committee determines otherwise, 100% of CSOs in each Tranche are subject to be vested. The Exercise Price of one CSO shall be equal to the higher of 80% of the average Share Price of the sixty (60) business days (60-day VWAP) preceding the Grant Date, or of the par value per share.

Movements in the number of awards outstanding and their related weighted average strike prices are as follows:

	2018		2017	
	Average strike price per share	Number of awards	Average strike price per share	Number of awards
At the beginning of the year	2.25	2'245'000	2.17	2'029'000
Granted	1.50	1'565'000	3.00	250'000
Forfeited	2.95	-95'000	2.99	-34'000
Non awarded (2017)	3.00	-250'000	-	-
At the end of the year	**2.05**	**3'465'000**	**2.25**	**2'245'000**

The historical annualised volatility used for the valuation of the Capped Stock Options has been calculated based on the standard deviation of the monthly returns of the underlying share (LECN) over a 3-year period preceding the grant.

The fair value of the grants under the CSO plan was estimated using the Monte Carlo valuation model with the following assumptions and issues:

	2014 attribution	2015 attribution	2016 attribution	2016 attribution	2018 attribution
Number of options granted	119'000	1'000'000	250'000	740'000	1'565'000
Grant date	19.03.15	19.03.15	01.01.16	01.01.16	03.12.18
Vesting period	31.12.14 : 33% 31.12.15 : 33% 31.12.16 : 33%	19.03.15 : 25% 01.01.16 : 25% 01.01.17 : 25% 01.01.18 : 25%	01.01.16 : 33% 01.01.17 : 33% 01.01.18 : 33%	01.01.16 : 33% 01.01.17 : 33% 01.01.18 : 33%	03.12.18 : 33% 03.12.19 : 33% 03.12.20 : 33%
Expiration date	31.12.20	31.12.20	31.12.22	31.12.22	03.12.25
Share price at grant date	4.19	4.19	2.58	2.58	1.88
Exercise price	3.00	1.50	2.50	2.95	1.50
Cap	12.00	6.00	11.79	11.79	6.00
Volatility (annualized)	81.92%	81.92%	53.80%	53.80%	55.14%
Risk free interest rate (annualized)	0.07%	0.07%	-0.08%	-0.08%	0.00%
Fair Value of the option at grant date	0.47	1.46	0.87	0.75	0.59

The expense recognised in the income statement for share options granted to directors and employees amounts to kCHF 813 on 31 December 2018 (2017: kCHF 668).

Conditions have changed in 2018 for options granted in 2016 under the CSO 2016 Plan. The Exercise Price has changed from CHF 2.948 to CHF 1.50 per share and the expiration date has been anticipated to 30 June 2019. The change of plan results in an additional expense of kCHF 21.

Reserve for share-based payment

The movement of the Reserve for share-based payment is as follows:

	2018	2017
	kCHF	kCHF
As at 1 January	**1'674**	**1'006**
Capped stock option plan - options granted	860	679
Capped stock option plan - options forfeited	-48	-10
As at 31 December	**2'487**	**1'674**

14. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group has one defined benefit pension plan, covering all of its Swiss employees, which requires contributions to be made to separately administrated funds. Both the employer and the employees contribute to the plan, the employer paying half of the total contributions. The pension plan provides lifetime pensions determined based on cumulative savings of the individual plan member and converted into an annual pension at fixed conversion rate. Lump sum payments are possible if conditions are respected.

The Swiss defined benefit plan scheme is valued by independent actuaries every year using the projected unit credit method. The latest actuarial valuation was carried out as at 31 December 2018.

The associated risks exposure of the plan are:

- Mortality risk: the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plans and consequently increases in the plan's liabilities. In order to minimize the risk, mortality assumptions are reviewed on a regular basis.
- Market and liquidity risks: these are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimize the risks, the structure of the portfolios is reviewed on a regular basis.

The movement in the net defined benefit liability over the year is as follows:

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
As at 1 January 2017	43'745	-34'265	9'480
Pension costs			
Current service cost	1'790	-	1'790
Interest expense/(income)	255	-201	54
Employee contributions	-	-573	-573
	45'789	**-35'038**	**10'751**
Remeasurements			
Other actuarial (gain) / losses	548	-	548
(Gain) / losses on plan assets	-	-2'500	-2'500
	548	**-2'500**	**-1'951**
Contribution			
Company contributions	-	-344	-344
Benefits payments	-2'594	2'594	-
As at 31 December 2017	**43'743**	**-35'287**	**8'456**

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
As at 1 January 2018	43'743	-35'287	8'456
Pension costs			
Current service cost	2'034	-	2'034
Interest expense/(income)	260	-212	48
Employee contributions	-	-723	-723
	46'037	**-36'222**	**9'816**
Remeasurements			
Change in financial assumptions	-821	-	-821
Other actuarial (gain) / losses	351	-	351
(Gain) / losses on plan assets	-	1'440	1'440
	-471	**1'440**	**969**
Contribution			
Company contributions	-	-2	-2
Benefits payments	-736	736	-
As at 31 December 2018	**44'831**	**-34'048**	**10'783**

The amounts recognised in the balance sheet are as follows:

	2018	2017
	kCHF	kCHF
Present value of funded obligations	44'831	43'743
Fair value of plan assets	-34'048	-35'287
Deficit of funded plans	**10'783**	**8'456**

As at the last valuation date, the present value of the defined benefit obligations was related to 96 active employees.
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining pension benefit obligations for the Group's plan are shown below:

	2018	2017
	%	%
Discount rate	0.8%	0.6%
Salary growth rate	1.5%	1.5%
Pension growth rate	0.5%	0.5%

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each territory.

Mortality assumptions for Switzerland are based on the mortality generational table (LPP 2015).

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is as follows:

Impact of defined benefit obligation	Change in assumption	2018 Increase in assumption	2018 Decrease in assumption	2017 Increase in assumption	2017 Decrease in assumption
Discount rate	0.5%	-6.8%	7.7%	-6.4%	7.2%
Salary growth rate	0.5%	0.3%	-0.3%	0.2%	-0.2%
Pension growth rate	0.5%	5.6%	-5.1%	5.6%	-5.1%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions identical. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) as when calculating the pension liability recognised within the statement of financial position has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Effective employer contributions to defined benefit plan for the year ending 31 December 2018 amount to kCHF 811.

The weighted average duration of the defined benefit obligation is 14.5 years (2017: 13.7 years).

Funding levels

The Legal coverage (art. 44 OPP2) of the pension fund is 101.15% as of 31 December 2018 (2017: 106.64%)

Investments by asset class

The major categories of plan assets are as follows:

	2018	2017
	kCHF	kCHF
Cash	3'480	2'247
Swiss Bonds	9'677	10'800
Foreign Bonds	989	1'021
Swiss Shares	8'469	8'912
Foreign Shares	4'028	4'404
Real estates	6'573	6'748
Alternative investments	832	1'155
Fair value of plan assets	**34'048**	**35'287**

All assets within the category Real estates are quoted, except Cash and Buildings (kCHF 3’800 in 2018, kCHF 3’035 in 2017).

Defined Contribution Plan

No material costs for contribution plan recognised in the income statement.

Leclanché
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15. PROVISIONS

	Onerous contracts	Restructuring	Litigation	Total
	kCHF	kCHF	kCHF	**kCHF**
As at 1 January 2017	**-**	**-**	**64**	**64**
Allocation to provision	-	161	110	**271**
Release of provision	-	-	-64	**-64**
As at 31 December 2017	**-**	**161**	**110**	**271**
As at 1 January 2018	**2'254**	**161**	**110**	**2'525**
Allocation to provision	1'219	-	-	**1'219**
Release of provision	-	-	-	**-**
Use of provision	-2'096	-161	-110	**-2'367**
As at 31 December 2018	**1'377**	**-**	**-**	**1'377**
Current 2017	-	161	110	**271**
Non-current 2017	-	-	-	**-**
	-	**161**	**110**	**271**
Current 2018	1'377	-	-	**1'377**
Non-current 2018	-	-	-	**-**
	1'377	**-**	**-**	**1'377**

Under IAS 11 (applied until 31 December 2017), provisions for losses (onerous contracts) were set against the amount 'due from customers' (if an asset) or added to 'due to customers' if a liability. With the application of IFRS 15 as of 1 January 2018 onerous contracts were reclassified to provisions.

No litigation in 2018. The 2017 litigation corresponds to a final claim with a supplier for kCHF 110 that has been paid during 2018.

A restructuring provision amounting to kCHF 161 has been booked in 2017 in Leclanché BVBA in relation to the transfer of the Material Handling Equipment (MHE) business and R&D system department from Belgium to Switzerland. The provision has been used during 2018.

16. CONVERTIBLE LOANS AND WARRANTS

A) Convertible loans

Facility A/B/C/D (“**FEFAM Convertible Loan**”)

On 3 June 2014, Precept, through its majority owned subsidiary Oakridge Global Energy Solutions, Inc. (formerly Oak Ridge Energy Technologies, Inc.; "**Oakridge**"), had granted a credit facility of kCHF 3’000 (the "**Oakridge Convertible Loan**"). The Oakridge Convertible Loan was increased to kCHF 5’000 on 2 August 2014 and was convertible into registered shares of the Company at a conversion price of CHF 1.50 per share. The Oakridge Convertible Loan carried an interest rate of 2% per annum which shall be capitalised and added to the total loan amount due at maturity, together with a fee of kCHF 500. The maturity date was 30 June 2016.

On 8 December 2014, the Company entered into a kCHF 21’000 credit facility, convertible into registered shares with Recharge ApS (Denmark) ("**Recharge**"), originally due to mature on 30 June 2016 (the "**Recharge Convertible Loan**"). The Recharge loan was subject to shareholders’ approval, which was granted at the Extraordinary Shareholder Meeting of 5 January 2015.

The Recharge Convertible Loan consists of two tranches, Recharge Facility A and Recharge Facility B. Subject to certain conditions and applicable fees, Recharge Facility A had a loan amount of kCHF 13’000 at 12% interest per annum designated to fund the Company's Growth Plan. Subject to certain conditions and applicable fees, Recharge Facility B has a loan amount of kCHF 8’000 (subsequently increased to kCHF 13’000) at 10% interest per annum designated to fund the first phase of Company’s Growth Plan, in particular to finance acquisitions and the development of technologies and battery Management systems, that would enable a differentiated market offer and significantly enhanced margins. In addition, in connection with this refinancing, Recharge agreed to purchase the Oakridge Convertible Loan of which outstanding amounts due thereunder were subsequently converted into shares on 21 January 2015 and 19 May 2015.

Both Recharge Facility A and Recharge Facility B are convertible into shares at Recharge's option (as provided for in the terms of the Recharge Convertible Loan). In June 2015, Recharge agreed to further increase the amounts available under Recharge Facility B by an additional kCHF 5’000 (extension, Recharge Facility B2) and to extend the exercise period until 30 June 2017. As noted above, both Recharge Facility A and Recharge Facility B (and B2) are subject to fees. In connection with the increase and the extension of the Recharge Facility B, the Company agreed to a fee of 5% of the amount drawn down under Recharge Facility B (and B2), which shall be paid at the maturity date of the Recharge Convertible Loan or at the date of every earlier conversion, calculated on the amount to be converted.

Recharge Facility A and Recharge Facility B (and B2) have been fully drawn down. The amounts outstanding under Recharge Facility A (kCHF 13’000) and part of the amounts outstanding under Recharge Facility B (kCHF 3,315) were converted into equity on 17 July 2015. The conversion price per share was CHF 1.98 (being the lower of (i) CHF 3.00 (if conversion occurs before 1 April 2016: CHF 2.50), (ii) 85% of the 15-day volume-weighted average price of the shares or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering). On 29 April 2016, part of the amounts outstanding under Recharge Facility B (kCHF 4’582) were converted into equity at a conversion price per share of CHF 2.4596 and then, on 15 June 2016, the remaining amounts outstanding under Recharge Facility B (kCHF 549), as well as part of the amounts outstanding under Recharge Facility B2 (kCHF 2’000) were converted into equity at a conversion price per share of CHF 2.50, those conversion prices being the lower of (i) CHF 3.00 (if conversion occurs before 1 April 2016: CHF 2.50), (ii) 85% of the 15-day volume-weighted average price of the shares or (iii) the subscription price at which existing shareholders may subscribe for new shares in any future rights offering).

On 7 March 2016, ACE Energy Efficiency SPC (“**ACE**”) agreed, among other things, (i) to acquire the remaining kCHF 3’000 outstanding under Recharge Facility B2 and (ii) to extend an additional kCHF 10’000 facility thereunder ("**ACE Facility C**" and together with the acquired remaining outstanding amounts under Recharge Facility B2, the "**ACE Convertible Loan**"). Facility C carries an annual nominal interest rate of 8% and is convertible into new shares of the Company. Facility C further provides that upon completion of a qualified financing round, a mandatory conversion occurs. The Facility C conversion price per share is the lower of (i) CHF 2.86, (ii) 85% of the 15-day volume-weighted average price of the share, or (iii) the subscription price in any future rights offering.

On 31 March 2016 and 17 May 2016, ACE Facility C was subsequently increased to kCHF 20’000. kCHF 20’000 of Facility C has been drawn down before 30 June 2016. On 4 August 2016, 30% of the ACE Facility C had been transferred to JADE Crest Ltd (“**JADE**”). On 16 August 2016, the Company announced the conversion into equity of kCHF 4’100 (of which kCHF 300 interest) outstanding under ACE/JADE Facility C, resulting in the issuance of 1’537’024 Shares. On 30 September 2016, 56.58% of the ACE Facility B2 and of the ACE Facility C (excluding JADE’s part) had been transferred to LECN Co Invest Ltd (“**LECN Co**”). The lenders (ACE, JADE and LECN Co) have the right to provide additional funding to the Company at terms not less favourable than the ones of Facility C. LECN Co and JADE have committed to provide additional kCHF 1’500 (Facility C extension), fully drawn down on 1 December 2016.

On 26 July 2017, the Company signed a term sheet with Golden Partner International SA SPF (“**Golden Partner**”), ACE Energy Efficiency SPC (“**ACE EE**”), LECN Co Invest Ltd (“**LECN Co**”), ACE & Company SA (“**ACE**”) and JADE CREST Limited (“**JADE**”) which extended the maturity of the Facility B/ACE Convertible Loan and ACE Facility C to

30 June 2018. This term sheet also set the conditions of the transfer from ACE/LECN Co/JADE to FEFAM of Facility B/ACE Convertible Loan amounting to kCHF 1'774 and of ACE Facility C amounting to kCHF 10'226.

On 27 September 2017, LECN Co, FEFAM and JADE granted a fully drawn down kCHF 5'000 convertible loan bearing an 8% annual interest ("**Facility D1**") with a maturity on 27 September 2018 (12 months as of the effective date). Facility D1 is secured by the same security package as Facility B and C, B and C being senior to D1. The conversion price under the Facility D is the lower of (i) CHF 2.86, (ii) 85% of the 15-day volume-weighted average price of the share, or (iii) the subscription price at which shareholders of the Borrower may subscribe for new shares in any future rights offering.

On 29 September 2017 and 6 October 2017, FEFAM converted into equity the equivalent amount of kCHF 5'383 and kCHF 5'617 respectively (principal and interest) due under the Facility B/C Convertible Loan. Following these two consecutive conversions, FEFAM has an outstanding amount of kCHF 1'672 (principal and interest) under the Facility B/C Convertible Loan.

On 13 October 2017, the Convertible Loan Facility D was increased to kCHF 11'000. The additional kCHF 6'000 ("**Facility D2**") lent by FEFAM has been made convertible through the amendment signed on 4 December 2018.

On 15 February 2018, a Funding Agreement has been entered into by and between FEFAM and the Company that included (i) the repayment of Facilities B / C to ACE EE, LECN Co, ACE and JADE (ii) a maturity of Facility D1 and D2 extended to 31 March 2020 and (iii) a 6% annual interest payable on a quarterly basis.

On 30 June 2018, FEFAM has acquired the remaining amounts outstanding under Facilities B/C/D1 from ACE EE, ACE LECN and JADE (principal plus interest plus fees) in an aggregate amount of kCHF 13'721, on the basis of a Transfer and Assignment Agreement ("**TAA 2018**"). In the TAA 2018, the parties agreed to extend the maturity of the transferred portions of Facilities B/C/D1 to 31 March 2020. As a result of the transfers effected by the TA 2017 and TAA 2018 respectively, FEFAM became the lender of the Company under the Facilities B/C/D1/D2 as amended from time to time (collectively "**FEFAM Convertible Loan**").

On 4 December 2018, an Amendment Agreement has been signed between FEFAM and the Company. The Parties agreed that the conversion price shall be CHF 1.50 per share. FEFAM also agreed to convert the entire Facility D1 (kCHF 5'092) and Facility D2 (kCHF 6'000).

On 11 December 2018, the shareholders approved at the Extraordinary General Meeting ("**EGM**") as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. kCHF 54'692 have been converted into equity with effect as at 12 December 2018, including Facility D1 for kCHF 5'092 and Facility D2 for kCHF 6'000.

As of 31 December 2018, kCHF 2'103 remains outstanding under Facility B (principal and quarter 4 2018 interest), kCHF 11'967 under Facility C (principal and quarter 4 2018 interest), kCHF 19 under facility D1 (quarter 4 2018 interest) and kCHF 112 under facility D2 (quarter 4 2018 interest). kCHF 14'201 remain outstanding under Facility B/C/D, the FEFAM Convertible Loan (principal and interest).

Convertible loan ("**CL**") and Convertible loan extension ("**CL Extension**")

On 15 February 2018, Leclanché SA and FEFAM have signed a Funding Agreement ("**Funding Agreement**"). Amongst others, FEFAM agreed to provide to Leclanché with a CHF 40.5 million convertible loan (the "**CL**"), payable in seven instalments.

On 19 February 2018, FEFAM and the Company have entered into a subordination agreement related to claims totalling kCHF 40'500, which claims are subordinated to all other existing and future claims against the Company (the "**40.5 million Subordination**"). The 40.5 million Subordination has been decreased to kCHF 4'500 after the kCHF 36'000 conversion of the CL and CL Extension on 12 December 2018.

On 27 April 2018, FEFAM agreed to extend the CL amount from kCHF 40'500 to kCHF 60'500 (the "**CL Extension**"), the up to kCHF 20'000 additional funding being provided to the Company by no later than 31 March 2019.

As at 31 December 2018, the Company has drawn down kCHF 51’667 under the CL and CL extension. Out of this amount, kCHF 36’000 have been converted into equity through the 12 December 2018 conversion. As of 31 December 2018, kCHF 16’198 remain outstanding under the CL and the CL extension (principal and quarter 4 2018 interest).

Right of first refusal loan (“**FEFAM ROFO Agreement**”)
On 16 March 2018, Leclanché SA and FEFAM have signed a certain financing agreement not included in the aforementioned Funding Agreement, which grants FEFAM a right of first refusal (but no obligation) with respect to the provision of funds required for M&A and joint venture projects and performance bonds of the Company of up to kCHF 50’000 (the "**FEFAM ROFO Loan**").

As of 31 December 2018, the Company has drawn down kCHF 11’600 under the FEFAM ROFO Agreement. Out of this amount, kCHF 7’600 have been converted into equity through the 12 December 2018 conversion. As of 31 December 2018, kCHF 4’138 remain outstanding under the FEFAM ROFO Agreement (principal and quarter 4 2018 interest).

Securities
FEFAM Convertible Loan, CL and CL Extension above are secured by: (i) the same security package that secured the Oakridge Convertible Loan and the Recharge Convertible Loan (albeit on amended terms), namely an assignment of rights for security purposes of all our present and future receivables, claims from intra-group loans and bank accounts claims and a first ranking pledge over Leclanché’s registered patents and patent applications filed and trademarks, (ii) securities granted by Leclanché GmbH (i.e., a global assignment agreement, a security transfer agreement and an account pledge agreement), (iii) a first ranking share pledge agreement over the shares of Leclanché GmbH, (iv) a first ranking pledge over all Account Balances, all Intercompany Receivables and all Trade Receivables and (v) new assets to be acquired by the Company with the funds made available under Convertible Loan. The Convertible Loan provides for the following obligations, among others, which in case of breach would trigger an event of default: (i) a negative pledge pursuant to which neither the Company nor any of the group companies shall be permitted to grant, create or permit to subsist any security, including personal security such as surety and guarantees and any security over any of the present or future assets, except for certain permitted securities as specified in the ACE Convertible Loan; (ii) neither the Company nor any of the Group companies shall be permitted to incur any financial indebtedness other than kCHF 500 in the aggregate; (iii) neither the Company nor any of the Group companies shall be permitted to make loans or permit to subsist any credit to any third party, including shareholders, Board members and employees of the Group, except for loans to third parties of up to kCHF 100 in the aggregate; (iv) neither the Company nor any of the Group companies shall be permitted to, directly or indirectly, enter into any transaction, inter alia, to purchase or acquire any properties, assets, shares, securities, to enter into a merger, de-merger or a transfer of assets and liabilities or similar transactions with third parties or to enter into, invest in or acquire any shares, securities or other interests in any joint venture entity, except for capital expenditures in the ordinary course of business; (v) neither the Company nor any of the Group companies shall, directly or indirectly, sell, transfer, lease or otherwise dispose of any of its properties or assets that is not provided for in the 2015 Operating Plan unless the aggregate fair market value of all properties and assets subject to disposal does not exceed kCHF 500; (vi) neither the Company nor any of the Group companies make material changes to the accounting principles, except if required by law, by IFRS or by the guidelines and regulations of the SIX Stock Exchange; and (vii) neither the Company nor any of the Group companies make changes to its legal structure of the legal structure of the Group if such change could result in a material adverse change.

ACE EE, ACE, LECN, JADE convertible loan
In a side agreement to the TAA 2018, Leclanché has agreed to pay certain arrangement fees to ACE EE, ACE, LECN and JADE and ACE amounting to kCHF 544, which relate to debt transferred under the TA 2017. This amount will have to be settled in cash or, at the election of the Company, in shares by 31 March 2020.

As of 31 December, the composition of the convertible loans is as follows:

	31.12.2018	31.12.2017
	kCHF	kCHF
Convertible loan - non-current liabilities	22'950	7'663
Embedded derivative	8'320	2'245
Convertible loans - non-current liabilties	31'270	9'908
Convertible loan - current liabilities	3'880	12'391
Accrued interests and conversion fees	1'422	2'605
Convertible loans - current liabilities	5'302	14'995
Value of Convertible Loans at the end of the period	**36'572**	**24'903**

As of 31 December 2018, the convertible loans have been presented in the current liabilities for the ones carrying a 31 March 2019 maturity date and in non-current liabilities for the ones carrying a 31 March 2020 maturity date. As at 31 December 2018, kCHF 484 has been booked as equity component.

The movements are as follows:

	Date of Drawdown	31.12.2018	31.12.2017
		kCHF	kCHF
Recharge 1st Facility B extension Drawdown	20.10.2015	515	515
Recharge 2nd Facility B extension Drawdown	27.10.2015	1'100	1'100
Recharge 3rd Facility B extension Drawdown	29.10.2015	1'100	1'100
Recharge 4th Facility B extension Drawdown	28.01.2016	1'000	1'000
Recharge 5th Facility B extension Drawdown	18.02.2016	1'285	1'285
Facility B extension converted in 2016	15.06.2016	-2'000	-2'000
Transfer from ACE to FEFAM	26.07.2017	-684	-684
Transfer from LECN to FEFAM	26.07.2017	-891	-891
Total transfer to FEFAM	26.07.2017	1'574	1'574
Partial conversion from FEFAM	29.09.2017	-667	-667
Partial conversion from FEFAM	06.10.2017	-696	-696
Capitalisation of interests and fees ACE EE	30.06.2018	168	-
Capitalisation of interests and fees ACE LECN	30.06.2018	219	-
Capitalisation of interests FEFAM	30.06.2018	49	-
Transfer from ACE to FEFAM	30.06.2018	-787	-
Transfer from LECN to FEFAM	30.06.2018	-1'025	-
Total transfer to FEFAM	30.06.2018	1'812	-
Subtotal Facility B (FEFAM convertible loan)		**2'072**	**1'636**

	Date of Drawdown	31.12.2018	31.12.2017
		kCHF	kCHF
LECN Co Invest/ACE 1st Facility C Drawdown	01.03.2016	3'000	3'000
LECN Co Invest/ACE 2nd Facility C Drawdown	18.02.2016	715	715
LECN Co Invest/ACE 3rd Facility C Drawdown	11.03.2016	3'000	3'000
LECN Co Invest/ACE 4th Facility C Drawdown	14.03.2016	285	285
LECN Co Invest/ACE 5th Facility C Drawdown	01.04.2016	5'000	5'000
LECN Co Invest/ACE 6th Facility C Drawdown	18.05.2016	2'000	2'000
JADE 1st Facility C Drawdown	11.03.2016	3'000	3'000
JADE 2nd Facility C Drawdown	17.06.2016	3'000	3'000
JADE 2nd Facility C Drawdown	01.12.2016	450	450
LECN Co Invest 7th Facility C Drawdown	01.12.2016	1'050	1'050
Facility C extension converted in 2016 (ACE)	23.08.2016	-2'648	-2'648
Facility C extension converted in 2016 (LECN Co Invest)	23.08.2016	-1'137	-1'137
Transfer from ACE to FEFAM	26.07.2017	-2'586	-2'586
Transfer from LECN to FEFAM	26.07.2017	-3'921	-3'921
Transfer from JADE to FEFAM	26.07.2017	-2'788	-2'788
Total transfer to FEFAM	26.07.2017	9'296	9'296
Partial conversion from FEFAM	29.09.2017	-3'941	-3'941
Partial conversion from FEFAM	06.10.2017	-4'112	-4'112
Capitalisation of interests and fees ACE EE	30.06.2018	545	-
Capitalisation of interests and fees ACE LECN	30.06.2018	799	-
Capitalisation of interests and fees JADE	30.06.2018	554	-
Capitalisation of interests FEFAM	30.06.2018	230	-
Transfer from ACE to FEFAM	30.06.2018	-2'887	-
Transfer from LECN to FEFAM	30.06.2018	-4'350	-
Transfer from JADE to FEFAM	30.06.2018	-3'079	-
Total transfer to FEFAM	30.06.2018	10'317	-
Subtotal Facility C (FEFAM convertible loan)		**11'790**	**9'662**

	Date of Drawdown	31.12.2018	31.12.2017
		kCHF	kCHF
LECN 1st Facility D1 Drawdown	27.09.2017	1'000	1'000
JADE 1st Facility D1 Drawdown	27.09.2017	500	500
FEFAM 1st Facility D1 Drawdown	27.09.2017	3'500	3'500
Capitalisation of interests and fees ACE LECN	30.06.2018	32	-
Capitalisation of interests and fees JADE	30.06.2018	60	-
Transfer from ACE LECN to FEFAM	30.06.2018	-531	-
Transfer from JADE to FEFAM	30.06.2018	-1'061	-
Total transfer to FEFAM	30.06.2018	1'592	-
Conversion on 12 December 2018	12.12.2018	-5'092	-
Subtotal Facility D1 (FEFAM convertible loan)		**-**	**5'000**
FEFAM Facility D2 Drawdown	13.10.2017	6'000	6'000
Conversion on 12 December 2018	12.12.2018	-6'000	-
Subtotal Facility D2 (FEFAM convertible loan)		**-**	**6'000**

	Date of Drawdown	31.12.2018	31.12.2017
		kCHF	kCHF
Loan Finexis Equity Fund - E Money Startegies (EMS)	09.02.2018	1'000	-
Loan Finexis Equity Fund - E Money Startegies (EMS)	16.02.2018	12'000	-
Loan Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	06.03.2018	8'000	-
Loan Finexis Equity Fund - E Money Startegies (EMS)	13.04.2018	10'000	-
Loan Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	20.07.2018	5'000	-
Loan Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	06.11.2018	6'914	-
Loan Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	16.11.2018	1'152	-
Loan Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	05.12.2018	7'600	-
Conversion on 12 December 2018	12.12.2018	-36'000	-
Subtotal FEFAM CL and CL extension		**15'667**	**-**
ROFO Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	10.08.2018	4'000	-
ROFO Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	05.09.2018	3'600	-
ROFO Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	15.09.2018	2'500	-
ROFO Finexis Equity Fund SCA SICAV FIAR (renewable Energy - RE)	22.11.2018	1'500	-
Conversion on 12 December 2018	12.12.2018	-7'600	-
Subtotal FEFAM ROFO		**4'000**	**-**
TOTAL FEFAM convertible loans		**33'529**	**22'299**

(B) Mandatory Convertible Notes ("**MCN**")

On 16 December 2015, in order to finance and refinance investments of the Company and the Company's Growth Plan, the Company made a private share placement by issuing kCHF 2'400 MCN due 15 December 2016 mandatorily convertible into new shares of the Company at a conversion price per share of CHF 2.40, pursuant to two share purchase and subscription agreements entered into with Recharge and Bruellan respectively. Recharge and Bruellan together invested kCHF 1'200 each, corresponding to zero purchased shares in the Company in the framework of the capital increase and 500'000 MCN each. On 15 June 2016, those two MCNs of kCHF 1'200 each have been converted into 500'000 registered shares each, at a CHF 2.40 conversion price per share.

In 2017, in order to continue to finance the Company's expansion plan, the Company issued several MCNs:

- On 11 April 2017, the Company issued kCHF 1'000 in MCN to Bruellan, that were subsequently converted on 20 July 2017 into 666'667 registered shares at a conversion price per share of CHF 1.50.
- On 19 April 2017, the Company issued kCHF 500 in MCN to Trialford, that were subsequently converted on 20 July 2017 into 333'333 registered shares at a conversion price per share of CHF 1.50.
- On 14 July 2017, the Company issued kCHF 12'000 in MCN to FEFAM, that were subsequently converted on 29 September 2017 and 6 October 2017 into 8'000'000 registered shares at a conversion price per share of CHF 1.50.
- On 25 July 2017, the Company issued kCHF 3'000 in MCN to Bruellan that were converted on 29 September 2017 into 2'000'000 registered shares at a conversion price per share of CHF 1.50.
- On 6 September 2017, the Company issued kCHF 623 in MCN to Bruellan, that were converted on 29 September 2017 into 415'500 registered shares at a conversion price per share of CHF 1.50.
- On 8 December 2017, the Company issued kCHF 16'500 in MCN to FEFAM, that were converted on 5 June 2018 into 11'000'000 registered shares of the Company at a conversion price per share of CHF 1.50.

As of 31 December 2018, there were no MCNs outstanding.

	31.12.2018	31.12.2017
	kCHF	kCHF
Value of Mandatory Convertible Note at the beginning of the period	**16'500**	**-**
Face value of Mandatory Convertible Loans	-	-
Equity component of Mandatory Convertible Note	-	16'500
Conversion of MCN (05.06.2018)	-16'500	-
Value of Mandatory Convertible Note at the end of the period	**-**	**16'500**

(C) Warrants

On 31 October 2013, the Company issued 832'827 Series A Warrants and 594'876 Series B Warrants to Talisman Infrastructure International Ltd ("**Talisman**") as compensation for non-regulated services rendered to the Company in connection with capital raise from Precept.

- The Series A Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 1.50 per share. The Series A Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series A Warrants is dependent upon the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series A Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price), provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants does not exceed 3.5% of the fully diluted share capital, after taking into account the number of shares that would be issued if the Precept Loan was fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.
- The Series B Warrants are exercisable into fully paid up registered shares of the Company at an exercise price of CHF 4.50 per share. The Series B Warrants may be exercised at any time until 15 October 2023. The number of shares to be issued upon exercise of the Series B Warrants, is dependent upon the development of the share price. The formula for the number of shares (N) to be issued upon exercise of Series B Warrants (W) is: N = W x ((Average Closing Price – Exercise Price) / Average Closing Price) provided that the maximum number of shares to be issued as a result of the exercise of Series A Warrants does not exceed 2.5% of the fully diluted share capital, after taking into account the number of shares that would be issued if the Precept Loan was fully converted into shares of the Company. The Average Closing Price is the closing price averaged over the preceding 10 business days.

These Warrants, issued in connection with a capital raise from Precept, have been valued at fair value at grant date using the Black Scholes Model and incorporating the same underlying assumptions as for the valuation of the Precept convertible loan, as they are considered to be directly attributable transaction costs of the convertible loan provided by Precept (and of any shares issued resulting from conversion of the loan).

Number of Warrants	Date	Series A	Series B
At 1 January 2015		832'827	594'876
Exercised	15.06.2015	-100'000	-
Exercised	23.07.2015	-150'000	-
Exercised	08.10.2015	-100'000	-
Exercised	17.11.2015	-160'000	-
At 31 December 2015	**31.12.2015**	**322'827**	**594'876**
Exercised	15.06.2016	-100'000	-
At 31 December 2016	**31.12.2016**	**222'827**	**594'876**
Exercised	21.03.2017	-222'827	-
At 31 December 2017	**31.12.2017**	**-**	**594'876**
Exercised		-	-
At 31 December 2018	**31.12.2018**	**-**	**594'876**

222’827 Series A Warrants were exercised in 2017. As at 31 December 2018, there were 0 outstanding and unexercised Series A Warrants and 594’876 outstanding and unexercised Series B Warrants.

These Warrants, considered to be directly attributable transaction costs for the capital raise, have been valued on the same basis as the related Precept convertible loan and following the full conversion of the Precept loan in 2014, the outstanding amount has been entirely reattributed to equity component, as follows:

			31.12.2018			**31.12.2017**
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
	Series A	**Series B**	**Total**	**Series A**	**Series B**	**Total**
At the beginning of the period	-	640'390	640'390	303'148	640'390	943'538
Exercice of Warrants	-	-	-	-303'148	-	-303'148
At the end of the period	**-**	**640'390**	**640'390**	**-**	**640'390**	**640'390**

17. LOANS

	31.12.2018	**31.12.2017**
	kCHF	kCHF
Current loans	100	100
Non-current loans	6'259	3'365
	6'359	3'465

On 30 March 2017, a bridge loan of kCHF 2’704 (kEUR 2’500) was granted by FEFAM. The loan carries an annual interest of 12% and had a 60-day from drawdown maturity. Maturity was extended to 31 March 2020.

On 15 February 2018, a Funding Agreement has been entered into by and between FEFAM and the Company that included the maturity of the bridge loan extended to 31 March 2020 and 6% annual interest payable on a quarterly basis.

On 2 February 2018, a non-convertible loan was provided by Golden Partner International SA SPF to the Company in the amount of kCHF 3’000 ("**3M Bridge Loan**"). The loan has an annual interest of 6% and a 31 March 2020 maturity date.

18. NET DEBT RECONCILIATION

	2018	2017
	kCHF	kCHF
Cash and cash equivalents	8'438	6'635
Convertible loans - repayable within one year	-5'302	-14'995
Convertible loans - repayable after one year	-31'270	-9'908
Loans - repayable within one year	-100	-100
Loans - repayable after one year	-6'259	-3'365
Net Debt	**-34'493**	**-21'733**
Cash and liquid investments	8'438	6'635
Gross debt - fixed interest rates	-42'931	-28'369
Net Debt	**-34'493**	**-21'733**

	Cash and cash equivalents	Convertible loans - repayable within one year	Convertible loans - repayable after one year	Loans - repayable within one year	Loans - repayable after one year	**Total**
	kCHF	kCHF	kCHF	kCHF	kCHF	**kCHF**
Net Debt as at 1 January 2017	4'545	-21'815	-	-500	-	**-17'770**
Cash-flows	2'264	-44'623	-	75	-2'704	**-44'988**
Debt converted to equity	-	28'123	-	-	-	**28'123**
Embedded derivative / Equity component	-	17'128	-2'245	-	-	**14'884**
Finance costs	-	-1'773	-	-	-132	**-1'905**
Transfer	-	7'663	-7'663	325	-325	**-0**
Foreign exchange adjustments	-173	-	-	-	-220	**-393**
Other non cash movements	-	301	-	-	16	**316**
Net Debt as at 31 December 2017	**6'635**	**-14'995**	**-9'908**	**-100**	**-3'365**	**-21'733**
Cash-flows	1'803	-11'600	-51'667	75	-3'000	**-64'389**
Conversion to equity	-	8'157	49'978	-	-	**58'135**
Embedded derivative / Equity component	-	484	-	-	-	**484**
Finance costs	-	-549	-8'432	-	-347	**-9'328**
Transfer	-	13'148	-13'148	-75	75	**-**
Interests paid	-	53	1'908	-	257	**2'218**
Foreign exchange adjustments	-	-	-	-	114	**114**
Other non cash movements	-	-	-	-	6	**6**
Net Debt as at 31 December 2018	**8'438**	**-5'302**	**-31'269**	**-100**	**-6'260**	**-34'493**

19. TRADE AND OTHER PAYABLES

	31.12.2018	31.12.2017
	kCHF	kCHF
Trade payables	**4'054**	**7'627**
Other payables:	**6'808**	**8'366**
Accruals	4'412	2'994
Amounts due to customers for contract work	-	2'648
Payroll and social charges	2'166	2'461
Other payables	230	263
	10'863	**15'993**

20. FINANCIAL INSTRUMENTS

Fair values

Due to their current nature, the carrying amount of the financial assets and financial liabilities is a reasonable approximation of their fair value.

The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
(b) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).
(c) Level 3: inputs for the asset or liability that are not based on observable market data.
There were no transfers between the levels during the year.

For financial assets at FVTPL (fair value through profit and loss) cost value is still the best evidence of the fair value. It consists of investments in structured entities. For additional information, see Note 9.

Embedded derivatives

Movements and fair value of embedded derivatives (level 2) are as follows:

	2018	**2017**
	kCHF	kCHF
At 1 January	2'245	1'617
Embedded derivatives disposed	-2'245	-1'617
Embedded derivatives acquired	8'320	2'330
Unrealised gain on embedded derivatives	-	-85
At 31 December	**8'320**	**2'245**

Recognised fair value measurement

Commonly accepted pricing models (Black & Scholes and Monte Carlo) have been used to fair value the Embedded derivatives (level 2).

21. FINANCIAL RISK MANAGEMENT

Risk assessment

The implementation of the risk management has been delegated by the Board of Directors to the Executive Committee. The Executive Committee had the task to design and implement a proper risk management system within Leclanché Group companies. Under the oversight of the Quality & Risk Manager, a risk analysis is processed regularly: each risk belongs to one person responsible for its mitigation and a detailed catalogue of mitigating measures is prepared. The most important risks, along with possible measures to prevent and mitigate potential damage are presented to the Audit and Risk Management Committee once a year. An audit of the risks has been performed in May 2016 and subsequently updated in October 2017 and October 2018. In addition, the Board of Directors addresses most of the above-mentioned risk categories at each meeting. On this basis, the Board of Directors is monitoring the risks of the Group.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge these exposures.

Leclanché
Energy Storage Solutions

Foreign currency risks

Transaction exposure arises because the amount of local currency paid or received in transactions denominated in foreign currencies may vary due to exchange rates fluctuations. The Group operates internationally and is exposed to foreign exchange risk a

rising from various currency exposures, primarily with respect to Euros and US dollars and to a lesser extent to British pounds and Canadian dollars. Foreign exchange risk arises from:

- forecast revenue and costs denominated in a currency other than the entity's functional currency;
- recognised assets and liabilities: and
- net investments in foreign operations.

The foreign currency transaction exposure is limited by aligning as much as possible the revenue streams to currencies that match the cost base. The convertible loans and borrowings are denominated in CHF and consequently do not expose the Group to any exchange rate risk.

The following table demonstrates the sensitivity of reasonably possible changes in EUR and USD exchange rate on the Group net profit (operating activities) and equity.

	Change in rate	Impact on loss	Impact on equity
		kCHF	kCHF
2018	+/- 5%	+/- 407	+/- 4'380
2017	+/- 5%	+/- 837	+/- 4'159

Interest rate risk

Interest rate risk arises from movements in interest rates which could have adverse effects on the Group's net income or financial position. Changes in interest rates cause variations in interest income and expenses on interest-bearing assets and liabilities.

The Group's net income and financial position are independent of changes in market interest rates as the Group has only interest-bearing assets and liabilities with fixed rates. Actually, the Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore subject to interest rate risk only at the time of refinancing as defined in IFRS 7.

Credit risk

The Group performs credit verification procedures on customers which trade on credit. In addition, trade receivables are monitored on an ongoing basis with the result that the Groups' exposure to bad debt is regarded as being not significant. The maximum exposure is the carrying amount of trade and other receivables as per Note 11. There is a concentration of credit risk with two customers in the Stationary segment; nevertheless, no heightened recoverability risk is identified.

With respect to credit risk arising from the financial assets, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at group level.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 3 months	Between 3 months and 1year	Between 1 and 5 years	Total
	kCHF	kCHF	kCHF	kCHF
Trade and other payables	8'062	2'801	-	10'863
Convertible loans	5'097	-	30'073	35'170
Loans	-	100	6'170	6'270

Year ended 31 December 2017

	Less than 3 months	Between 3 months and 1year	Between 1 and 5 years	Total
	kCHF	kCHF	kCHF	kCHF
Trade and other payables	11'119	2'225	-	13'345
Convertible loans	-	14'995	9'908	24'903
Loans	-	100	3'365	3'465

Capital Management

The Group considers equity as equivalent to the IFRS equity on the balance sheet.

See Notes 12, 16A and 16C regarding fund raises executed during the year.

The Company completed the following balance sheet restructuring actions during the course of 2018:

- a conversion into equity of Mandatory Convertible Notes ("**MCN**") for a total amount of kCHF 16'500;
- a conversion of existing debt in the amount of kCHF 54'692 into equity through an ordinary capital increase following the Extraordinary General Meeting on 11 December 2018.

The Company anticipates that, subject to the continued successful implementation of the Growth Plan and timely payments from major customers in North America and Europe, current funding facilities in place will satisfy the Company's working capital requirements until the end of Q1 2020.

22. COMMITMENT AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial leases for the rent of offices and manufacturing areas principally in Switzerland, USA and Germany. All leases include a clause enabling upward revision of the rental charge on an annual basis, according to prevailing market conditions.

The future minimum lease payments under non-cancellable operating leases are as follows:

	31.12.2018	31.12.2017
	kCHF	kCHF
Within one year	1'809	2'174
After one year but not more than five years	4'833	6'787
More than five years	-	376
	6'643	**9'337**

Leclanché SA in Switzerland, Leclanché GmbH in Germany and Leclanché North America Inc. have signed building lease agreements expiring in 2023, 2022 and 2020 respectively.
Lease payments incurred during 2018 and recorded in the income statement, amount to kCHF 2’307 (2017: kCHF 1’939).

Purchase commitments

Leclanché has no purchase commitment as of 31 December 2018 (2017: kCHF 0).

23. CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

Leclanché signed a purchase order with ads-tec in August 2016 to produce 26.1 MWH of modules (“**Lot 3**”). The production of Lot 3 was conditional to the completion of a capital raise by Leclanché of at least kCHF 25’000. Consequently, in Management's opinion, there is a risk that ads-tec initiates a legal action to claim damages for a potential loss of margin due to the non-production of Lot 3.

24. ASSETS PLEDGED

See Note 16A regarding the assets pledged in guarantee of the FEFAM convertible loans.

25. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties.

Key Management compensation

The compensation to key Management is shown below:

	2018	2017
	kCHF	kCHF
Salaries and other short-term employee benefits	2'901	1'764
Share-based payments	722	625
Total	**3'622**	**2'389**

For additional information, see sections Corporate Governance and Compensation Report.

Related parties

Related parties are defined as follows:

- **Emrol BVBA**, is an independent battery distributor owned by Mr. Stefan Louis. Mr. Stefan Louis is the sole owner of Emrol, he acts as Business Manager and as non-executive Director of this company. Mr. Stefan Louis was Senior Vice President Systems R&D and the head of the Innovation Board of Leclanché SA before he was promoted as CEO of the associate Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge. Emrol is a supplier and a customer of Leclanché SA.
- **Silveron Capital Partners**, is a Dallas-based boutique investment banking and stationary projects advisory firm, owned by Mr. Bryan Urban. Mr. Bryan Urban is the Executive Vice President of Stationary Business Unit and is also the principal partner of Silveron.
- **Golden Partner International SA**, is a global investment Management group headquartered in Switzerland advising FEFAM. FEFAM is a shareholder of Leclanché SA (see Corporate Governance section 1, Note 2 of the Significant Shareholders paragraph). SGEM and USGEM are companies fully owned by FEFAM.
- **Marengo**, is the Special Purpose Vehicle ("**SPV**") created to manage a utility scale generation project in Illinois, USA. This SPV is operated by USGEM.
- **Nexcharge** (Exide Leclanché Energy Private Limited (ELEPL)) is an Indian company created in 2018 by Exide Industries Ltd. and Leclanché SA to build lithium-ion batteries and commercialise energy storage systems for India's electric vehicle market. As part of the joint venture (JV) agreement, Exide Industries has a majority stake of 74.99% and Leclanché 25.01%.

Transactions

	2018	2017
	kCHF	kCHF
Revenues		
- to USGEM on Marengo project	6'771	1'311
- to SGEM	133	
- to Emrol	-	37
- to Nexcharge	3'698	-
	10'602	**1'348**
Raw materials and consumables purchased:		
- from Emrol	3	-
	3	**-**
Personnel costs purchased:		
- from Golden Partner	50	-
	50	**-**
Other operating expenses purchased:		
- from Golden Partner	1'000	3'000
- from Silveron	72	-
- from Emrol	-	1
	1'072	**3'001**
Finance costs		
- from Golden Partner & FEFAM	3'641	597
- from Golden Partner & FEFAM (financial instruments)	5'140	-
	8'780	**597**
Finance income		
- to USGEM / SGEM	38	-
	38	**-**

Year-end balances

	31.12.2017	31.12.2017
	kCHF	kCHF
Included in current and non-current assets:		
- short term loan from Marengo	914	771
- short term loan from SGEM	160	160
- short term loan from Nexcharge	227	-
- receivable from Marengo	1'542	3'510
- investment in associate Nexcharge	742	-
	3'585	**4'441**
Included in current and non-current liabilities:		
- bridge loan due to FEFAM	2'964	3'365
- loan due to Golden Partner	3'045	-
- other loans due to FEFAM	36'029	11'374
- trade and other payables due to Silveron	413	367
	42'451	**15'105**

The receivable from Marengo shall be paid according to an agreed timeline based on the achievement of specific milestones, as per the terms of the Engineering, Procurement & Construction (EPC) contract. The outstanding balance is not covered by any structured financial guarantee.

26. SUBSEQUENT EVENTS

- On 29 March 2019, the maturity of all Leclanché's debts opened as of 31 December 2018 have been extended to 31 December 2020;
- On 29 March 2019, FEFAM has committed to convert by the end of June 2019 kCHF 35'962 of its loans to Leclanché;
- On 3 April 2019, Golden Partner related parties have committed to provide the required working capital facility through a kCHF 35'000 non-convertible debt that will be drawn down in three instalments between May and December 2019. This facility has a 31st December 2021 maturity.

Report of the statutory auditor

to the General Meeting of LECLANCHE SA

Yverdon-les-Bains

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of LECLANCHE SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 32 - 88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 2 to these financial statements, which states that the company is aware of the significant execution risk of its turnaround and growth plan. This, along with other matters as described in note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

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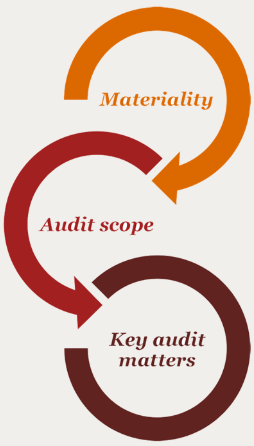
Our audit approach

Overview



Overall Group materiality: CHF 2'000'000

We concluded full scope audit work at 2 reporting units. Our audit scope addressed over 97% of the Group's revenue and 96% of the group assets.

As key audit matters the following areas of focus have been identified:

- Revenue recognition for "projects"
- Accounting for convertible loans

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 2'000'000
How we determined it	4% of loss before tax, rounded
Rationale for the materiality benchmark applied	We used loss before tax, as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured, and is a generally accepted benchmark.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of five reporting units in various territories, including corporate activities in Switzerland. Based on our assessment of the risk of material misstatements of the Group financial statements, we selected two components which represent the main business of the Group to perform a full scope audit. Based on the scoping performed we addressed over 97% of the Group's revenue and 96% of the group assets.

The group audit team, in addition to the audit of the consolidation process and of the consolidated financial statements' compliance with IFRS was directly responsible for auditing the most significant component based in Switzerland. For the other component, the group audit team directed and supervised the audit work performed by the component team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition for "projects"

Key audit matter	*How our audit addressed the key audit matter*
At January 1, 2018 the Group implemented the new financial reporting standard IFRS 15 Revenue from Contracts with Customers as described in note 1 to the consolidated financial statements. Under this standard the company must identify its performance obligations under the standard, allocate the transaction price amongst the performance obligations and then determine whether the related revenue should be recorded over time or at a point in time. The Group applied the modified retrospective method and the exemption provided by IFRS 15 "Revenue from Contracts with Customers" not to restate the comparative periods as a result of the IFRS 15 adoption. Revenues resulting from "projects" (see 4.1) amounted to kCHF 36'238 for the year, representing 75% of total revenues for the period. There are two critical judgement made by management relating these revenues 1) the assessment of whether such contracts comprise of one or multiple performance obligations and 2) the method and estimates used in the measurement of progress calculations are appropriate. Performance obligations (see Note 1)	We obtained an understanding of the nature of the projects delivered by the Group through enquiries with management. We reviewed the accounting policies for project revenue and evaluated whether they are compliant with IFRS 15 and appropriate based on our understanding of the nature of the entity's business. As part of the adoption of IFRS 15, we obtained the schedule of cumulative effect adjustments as at 1 January 2018 and evaluated for completeness and accuracy by assessing whether it reflected appropriate considerations for the changes in the revenue recognition under IFRS 15. We obtained detailed analysis of the contracts and performed the following: • We assessed the completeness of the detailed analysis in the light of our knowledge of the business, discussions with management and review of minutes of the Board of Directors. • We agreed contract details to signed contracts and detailed analysis.

Management analysed the related revenue guidance to determine if the individual promises in project contracts meet the definition of distinct goods or services and concluded that the contracts include one performance obligation; a delivery of an energy storage solution. Management have assessed that the criteria required to conclude that performance obligations are satisfied over time have been met. Over time accounting (see Note 1) The input method based on costs for measuring progress over time for projects has been used. This process involves a certain degree of estimation and judgement as explained in note 2, “critical accounting estimates and judgements”.	• We verified the mathematical accuracy of the detailed analysis • We independently assessed whether the criteria required for the satisfaction of performance obligations over time was met • In relation to the cost of materials we verified based on sampling the accuracy and the allocation of costs to each project. We also verified that the material was transferred to the client before year-end. • In relation to the measurement of progress we performed enquiries with management and the project manager in order to assess the measurement of progress reasonableness. • We agreed the amounts invoiced to invoices, assessed entity’s costs to complete estimate and performed calculation of revenue recognised during the period. • We agreed revenue and expenses recognised for the period as well as amounts due to and from customers to the financial statements. We inquired with management whether there is a risk of loss due to disputes, delays, overruns or other factors that may impact profitability. We assessed the need to recognise provisions for expected losses based on enquiries from management, and our understanding of the contracts. Based on our procedures, we deemed the judgements made by management to be reasonable and the accounting for revenue for projects appropriate.

Accounting for convertible loans

Key audit matter	*How our audit addressed the key audit matter*
In order to meet its financing needs and assure its continued development, the Group issued a number of convertible loans during the period. The proceeds from convertible loans amounted to kCHF 63’267 in 2018 (see consolidated statement of cash flows and note 16 to the consolidated financial statements). In addition, during 2018 convertible loans of kCHF 74’635 were converted to equity (see consolidated statement of changes in equity and note 16 to the consolidated financial statements). The accounting treatment of convertible loans is complex and requires use of a pricing model and management judgement, in particular in relation to an appropriate interest rate. Please refer to note 2, “critical accounting estimates and judgements”.	We obtained an overview of the nature of the financial instruments used to finance the entity through enquiries with management. We confirmed our understanding of the convertible loans, including modifications and interpretations, through review of original documents. We assessed the accounting policies for convertible loans to ensure they are compliant with IFRS and appropriate based on our understanding of the nature of the entity’s financing. We obtained a movement schedule of convertible loans and agreed opening balances to prior period workpapers and closing balances and current period interest expenses to the general ledger.

The standard requires the identification and separation of the equity and liability part as well as other elements integrated in the convertible loans contract. The accounting policy can be found in note 1 – significant accounting policies of the annual report. As of 31 December 2018 the convertible loans are included in the following financial statements line items: Convertible loans (liability) kCHF 28'252 Embedded derivative (liability) kCHF 8'320 Equity component kCHF 484 The detail of the transactions can be found within note 16 to the consolidated financial statements.	We agreed convertible loans additions and payments to supporting documentation. We confirmed outstanding amounts of convertible loans as of 31 December 2018 with the lenders. We verified finance costs calculation performed by management, to determine whether assumptions used are reasonable and whether such costs are classified appropriately. We compared the data used by management in its calculation of split accounting with supporting documentation (contracts, payments and conversions) and found them to be the same. We used internal valuation specialists to verify the calculation performed and assumptions used to fair value the convertible loans. Based on our above procedures, we concurred with management on the accounting for convertible loans as of 31 December 2018.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of LECLANCHE SA and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Patrick Wagner
Audit expert Auditor in charge	Audit expert

Lausanne, 4 April 2019

Leclanché SA

Statutory financial statements 2018

Leclanché
Energy Storage Solutions

Balance sheet at 31 December 2018
(in kCHF)

Assets	**Notes**	**31.12.2018**	**31.12.2017**
Current assets			
Cash and cash equivalents		8'201	4'962
Trade receivables -		5'276	12'333
due from third parties		*5'408*	*12'447*
Allowance on trade receivables (third parties)		*-132*	*-114*
Other current receivables - due from third parties		8'826	9'452
Inventories	2.1	19'574	12'024
Accrued income and prepaid expenses		14'153	1'893
Advances to suppliers		4'665	9'262
Total current assets		**60'695**	**49'927**
Non-current assets			
Financial assets -		5'698	1'635
Loans to group companies (of which subordinated kCHF 80'277)		*90'070*	*98'011*
Allowance on loan to group companies		*-88'302*	*-97'183*
Other financial assets	*2.5*	*3'930*	*807*
Investments		2'471	507
Investment in subsidiaries and associates	2.2	*8'342*	*7'735*
Other investments		*482*	*507*
Allowance on investment in subsidiaries		*-6'352*	*-7'735*
Property, plant and equipment		2'202	1'828
Intangible assets	2.3	5'453	4'302
Total non-current assets		**15'826**	**8'271**
Total assets		**76'521**	**58'198**

Leclanché
Energy Storage Solutions

Balance sheet at 31 December 2018
(in kCHF)

Liabilities	**Notes**	**31.12.2018**	**31.12.2017**
Short-term liabilities			
Trade payables -		2'945	6'173
due to third parties		*2'945*	*5'760*
due to group companies		-	*412*
Short-term interest-bearing liabilities -		4'238	31'595
due to shareholders		*4'238*	*31'595*
Other short-term liabilities -		2'176	2'885
due to third parties		*2'176*	*2'885*
Accrued expenses and deferred income		4'927	4'646
Advances from customers		3'111	4'601
Short-term provisions		-	110
Total short-term liabilities		**17'397**	**50'010**
Long-term liabilities			
Long-term interest-bearing liabilities -		37'202	12'994
due to shareholders		*37'202*	*12'994*
Total long-term liabilities		**37'202**	**12'994**
Total liabilities		**54'598**	**63'003**
Shareholders' equity			
Share capital	2.9	175'716	104'524
Reserves from capital contribution	2.9	19	1'882
Accumulated losses	2.9	-109'348	-68'778
Net result for the year	2.9	-44'464	-42'433
Total shareholders' equity		**21'922**	**-4'805**
Total liabilities		**76'521**	**58'198**

Leclanché
Energy Storage Solutions

Income statement for the year ended December 31, 2018
(in kCHF)

	Notes	December 2018	December 2017
Sales of goods and services		49'042	10'339
Other income		253	1'968
Cost of materials		-64'391	-18'667
Personnel costs		-13'544	-8'433
Other operating expenses	2.11	-21'917	-17'796
Earnings before interest, taxes, depreciation and amortisation		**-50'556**	**-32'589**
Depreciation, amortisation and impairment		-1'428	-1'519
Impairment on financial assets	2.12	8'881	-10'136
Earnings before interest and taxes		**-43'103**	**-44'245**
Financial income	2.13	5'307	5'186
Financial expenses	2.14	-6'669	-3'374
Net result for the year		**-44'464**	**-42'433**

Notes to the financial statements 2018

1. Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Leclanché SA renounced to prepare additional information in the Notes to the financial statements and a cash flow statement as the entity prepares consolidated financial statements in accordance with a recognised financial reporting standard.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Carrying amount is after consideration of an allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods comprises direct production costs and an appropriate proportion of production overheads and factory depreciation. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Furthermore, inventories which are no longer part of production and sales plans are directly written off from the gross value of inventories. A valuation adjustment is booked for slow-moving and obsolete inventory.

Recognition of revenue

Revenue includes the fair value from the sale of goods and services, net of value-added tax, rebates, discounts and sales commissions and after eliminating sales within the Group.

(a) Sale of goods

Sale of goods is recognised when control of the goods are transferred to the customer and collection of the related receivables is highly probable. Sale of goods may include delivery of batteries, rechargeable batteries, systems for electrical storage device and some accessories.

(b) Projects

Projects consists in the delivery and installation of an energy storage solution. Leclanché applies the Input method for measuring progress over time for projects.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the measurement of progress of the transaction at the end of the reporting period. Under this method, revenue is recognised in the accounting periods in which the services are rendered.

To be able to estimate the outcome of a transaction reliably, the entity must be able to make a reliable estimate of total transaction revenue, the measurement of progress and the costs to complete the transaction. The measurement of progress is determined as the proportion of the transaction costs incurred for services rendered to date compared to the estimated total transaction costs.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by Management.

(c) Licence sale

Revenue from licensing arrangements is recognised upon commencement of the term of the license or when the renewal term begins, as applicable. Sales of a licence technology without further sellers' obligation is recognised at a point of time.

(d) Interest income

Interest income is recognised using the effective interest method.

Property, plant and equipment

All property, plant and equipment are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management and is calculated on a straight-line basis over the useful life, according to the following schedule:

Property, plant and equipment	Useful life	Method
Production machinery	8 - 10 years	straight-line
Machinery, equipment	5 – 10 years	straight-line
Tools	3 – 5 years	straight-line
Computers and information networks	2 – 4 years	straight-line
Office furniture and equipment	5 years	straight-line
Vehicles	5 years	straight-line

Intangible assets

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits. During the period of development, the asset is tested for impairment annually.

Leased assets

All leases are classified as operating leases and the rentals payable are expensed on a straight-line basis over the lease term.

Reserves from capital contribution

The reserves from capital contribution consist in the difference between the net proceeds of the share capital increase and the nominal amount, i.e. share premium. The direct costs attributable to a capital increase with a share premium is deducted from the reserves from capital contribution.

Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are shown at cost, less subsequent impairment. Cost includes expenditure that is directly attributable to the acquisition of the subsidiary.

Going concern

Following the conversion into equity of existing debts in the amount of kCHF 54'692 through an ordinary capital increase approved by a majority of the shareholders at the Extraordinary General Meeting held on 11 December 2018, Leclanché has been working with its financial advisors to complete a funding round by the end of Q2 2019 aiming at raising kCHF 35’000 to finance its next 12-month working capital needs and kCHF 40’000 to finance its Yverdon-les-Bains and Willstätt production capacity increase, which is required to deliver its 2020 and beyond order book.

On 16 March 2018 Leclanché signed a ROFO Agreement with FEFAM seeking to finance performance bonds and mergers & acquisitions. As of the date of this report, the Company has drawn down kCHF 16’100 out of the kCHF 49’195 (CHF equivalent of kUSD 50’000) contemplated in the ROFO Agreement.

On 29 March 2019, FEFAM has committed to convert into equity kCHF 35’962 of its debt before 30 June 2019, which will continue to improve Leclanché’s balance sheet. Additionally, on 3 April 2019, Golden Partner related parties have committed to provide the required working capital facility through a kCHF 35’000 non-convertible debt that will be drawn down in three instalments between May and December 2019.

Leclanché is still in discussion with other investors and remains confident to successfully raise by the end of Q2 2019 the amount required to finance its production capacity expansion.

Subject to the continuing availability of sufficient equity including the ability to raise additional funds, and based on the already secured funding round, the Board of Directors believes that the Company will be able to meet all of its obligations for at least the next twelve months as they fall due, and the financial statements have therefore been prepared on a going concern basis. However, despite the recent commercial and funding successes, there remain material uncertainties over the turnaround and execution of the growth plan of the Company, which may cast doubts on the Company's ability to continue as a going concern.

2. Details, analyses and explanations to the financial statement

2.1 Inventories

kCHF	**31.12.2018**	**31.12.2017**
Raw materials	4'586	6'180
Work in progress	769	845
Finished goods	10'046	3'128
Toll Manufacturing	5'071	3'420
Obsolecence and slow moving provision	-899	-1'549
Total	**19'574**	**12'024**

2.2 Investments in subsidiaries and affiliates

Name and legal form	Registered office	31.12.2018 Capital	31.12.2018 Vote	31.12.2017 Capital	31.12.2017 Vote
Leclanché GmbH (capital EUR 270'600)	Willstätt (Germany)	100%	100%	100%	100%
Leclanché BVBA (capital EUR 1'659'854)	Turnhout (Belgium)	0%	0%	100%	100%
Leclanché Uk Ltd (capital GBP 100)	London (England)	100%	100%	100%	100%
Leclanché North America Inc. (capital USD 0.01)	Wilmington, Delaware (USA)	100%	100%	100%	100%
Leclanché Canada Inc. (capital CAD 0.0)	Victoria, British Colombia (Canada)	100%	100%	100%	100%
Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge	Ahmedabad, Gujarat (India)	25.01%	25.01%	0%	0%

Leclanché Canada Inc. has been incorporated on 3 November 2017

Leclanché BVBA: activity transferred to Leclanché SA during 2018 and legal entity sold as at 30 June 2018

Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge has been incorporated on 29 September 2018

2.3 Intangible assets

kCHF	31.12.2018	31.12.2017
Gross value	11'232	8'770
Accumulated amortisation	-5'779	-4'468
Net value	**5'453**	**4'302**

Intangibles assets are mostly the acquisition in 2015 of the perpetual right to use the stationary module of ads-tec GmbH (kCHF 6’109) as well as the development costs for the new generation of cells in 2018.

2.4 Pension liabilities

On 31 December 2018, the liability to the pension scheme amounted to kCHF 77 (2017: kCHF 45).

2.5 Guarantees in favour of third parties

The amount of guarantees in favour of third parties is kCHF 3’930 (2017: kCHF 807) stemming from bank guarantees for rents, project performance bonds and a stand-by letter of guarantee for the installation of the new formation tower at Leclanché GmbH in Germany. They are included in the balance sheet under “Financial assets”.

2.6 Assets used to secure own liabilities and assets under reservation of ownership

The FEFAM convertible loans, included in “Long-term interest-bearing liabilities due to shareholders” for kCHF36’658. (FEFAM convertible loan, CL and CL extension) are secured by: (i) the same security package that secured the Oakridge Convertible Loan and the Recharge Convertible Loan (albeit on amended terms), namely an assignment of rights for security purposes of all our present and future receivables, claims from intra-group loans and bank accounts claims and a first ranking pledge over our registered patents and patent applications filed and trademarks, (ii) securities granted by Leclanché GmbH (i.e., a global assignment agreement, a security transfer agreement and an account pledge agreement), (iii) a first ranking share pledge agreement over the shares of Leclanché GmbH, (iv) a first ranking pledge over all Account Balances, all Intercompany Receivables and all Trade Receivables and (v) new assets to be acquired by the Company with the funds made available under Convertible Loan.

2.7 Shares held by Management, administrative bodies and employees

Name	Position	Shares (number)	Options (number) 31 December 2018	Options (number) 31 December 2017	[1]
Stefan Müller	Member of the Board of Directors	8'090	-	-	
Anil Srivastava	Chief Executive Officer	-	1'000'000	1'000'000	[3]
			250'000	250'000	[4]
			-	250'000	[6]
			400'000	-	[7]
Pierre Blanc	Chief Technology and Industrial Officer	-	15'000	15'000	[2]
			100'000	100'000	[5]
			100'000	-	[7]
Fabrizio Marzolini	Executive VP Global Solution Engineering	40	15'000	15'000	[2]
			100'000	100'000	[5]
			100'000	-	[7]
Hubert Angleys	Chief Financial Officer	-	150'000	150'000	[5]
			350'000	-	[7]
Bryan Urban	Executive VP North America	-	150'000	150'000	[5]
			100'000	-	[7]
Employees		-	635'000	215'000	[5 & 7]

[1] The options were granted free of charge. Each option entitles the holder to acquire from the Company one share against payment in cash of the exercise price. The granted options forfeit if, prior to the end of the restriction period, (i) the holder terminates the employment contract other than for valid reasons, retirement at normal retirement age as may be agreed between the option holder and the Group, death or disability, or (ii) the Group terminates the employment contract for valid reason. Except under certain circumstances (e.g. tender offer or death), the options are not transferable.

[2] Grant date: 19.03.2015; exercise price: 3.00; exercise period: 19.03.2015 - 31.12.2020

[3] Grant date: 19.03.2015; exercise price: 1.50; exercise period: 19.03.2015 - 31.12.2020

[4] Grant date: 31.12.2016; exercise price: 1.50; exercise period: 31.12.2016 - 30.06.2019. Conditions have changed in 2018, previously : Grant date: 31.12.2016; exercise price: 2.50; exercise period: 31.12.2016 - 31.12.2022

[5] Grant date: 31.12.2016; exercise price: 1.50; exercise period: 31.12.2016 - 30.06.2019. Conditions have changed in 2018, previously : Grant date: 31.12.2016; exercise price: 2.948; exercise period: 31.12.2016 - 31.12.2022

[6] Grant date: 01.01.2017; exercise price: 3.00; exercise period: 01.01.2017 - 31.12.2022 - not awarded

[7] Grant date: 03.12.2018; exercise price: 1.50; exercise period: 03.12.2018 - 03.12.2025

2.8 Commitments

The lease commitments for Leclanché SA are kCHF 3’621 (2017: kCHF 4’298). Commitments are based on rental contracts in Yverdon (ending 2023) and car leasing contracts.

Leclanché
Energy Storage Solutions

2.9 Share capital

	Share capital	Reserves from capital contribution	Accumulated losses	Total
	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2017	72'005	10'172	-78'950	3'227
Loss for the year	-	-	-42'433	-42'433
Cancellation of Reserves against accumulated losses	-	-10'172	10'172	-
Warrants Exercice	334	-	-	334
Capital increases	32'184	1'882	-	34'066
Balance at 31 December 2017	**104'524**	**1'882**	**-111'211**	**-4'805**
Balance at 1 January 2018	104'524	1'882	-111'211	-4'805
Loss for the period	-	-	-44'464	-44'464
Cancellation of Reserves against accumulated losses	-	-1'882	1'882	-
Share premium adjustment	-	19	-19	-
Capital increases	71'192	-	-	71'192
Balance at 31 December 2018	**175'716**	**19**	**-153'813**	**21'922**

2.10 Significant shareholders

As per share register:

	%	31.12.2018	%	31.12.2017
		Unit		Unit
FEFAM	64.3%	75'307'869	45.1%	31'410'827
Bruellan Group	8.6%	10'081'522	12.2%	8'490'864
Logistable Limited Group	2.5%	2'881'504	4.3%	2'987'774
ACE Group	1.6%	1'874'665	3.6%	2'511'572
Nortrust Nominees Limited (Massachussets Mutual Life Insurance Cie)	0.5%	571'656	3.3%	2'280'171
Sum of all other shareholders below 3 %	22.6%	26'426'656	31.6%	22'001'333
Total shares issued	100.0%	**117'143'872**	100.0%	**69'682'541**

Leclanché Energy Storage Solutions

2.11 Other operating expenses

kCHF	2018	2017
Administration costs	386	313
Building facilities	265	142
Commissions on financing	945	2'129
Consulting costs	5'884	4'186
Insurances	168	131
Intercompany reinvoicing	7'099	6'545
Loss on doubtful debtors	1'342	59
Manufacturing costs	39	17
Miscellaneous	764	737
Rental and storage costs	1'424	826
Sales & marketing costs	223	353
Sundry duties and capital taxes	575	333
Transport, packaging and custom duties	1'585	1'175
Travel costs	1'220	851
Total	**21'917**	**17'797**

2.12 Impairment on financial assets

kCHF	2018	2017
Impairment on loan to group companies:	**-8'881**	**9'576**
- Leclanché GmbH	-8'881	9'576
Impairment on investments in subsidiaries:	**-**	**560**
- Leclanché BVBA	-	560
Total	**-8'881**	**10'136**

The Management has performed an impairment assessment on the recoverability of the intercompany loans to Leclanché GmbH. kCHF 8’881 of the total allowance on the intercompany loan to Leclanché GmbH have been reversed. Allowance left in the book as at 31 December 2018 amounts to kCHF 88’302 (2017: increase of allowance by kCHF 18’118 to kCHF 97’183). The intercompany loan to Leclanché BVBA had been repaid by Leclanché BVBA during 2017.

In 2017, the recapitalisation of Leclanché BVBA had also been impaired at 100%. No impairment on investments in 2018.

2.13 Financial income

kCHF	2018	2017
Interests	**5'307**	**5'186**

2.14 Financial expenses

kCHF	2018	2017
Bank charges	58	78
Interests	4'184	2'018
Exchange loss	2'426	1'278
Total	**6'669**	**3'374**

2.15 Full Time Equivalent

The number of full-time equivalents did not exceed 250 on an annual average basis.

2.16 Net release of hidden reserves

At the end of 2018, the hidden reserves amount to kCHF 280. In 2017, kCHF 1’230 of hidden reserves had been released.

2.17 Subsequent events occurring after the balance sheet date

- On 29 March 2019, the maturity of all Leclanché’s debts opened as of 31 December 2018 have been extended to 31 December 2020;
- On 29 March 2019, FEFAM has committed to convert by the end of June 2019 kCHF 35’962 of its loans to Leclanché;
- On 3 April 2019, Golden Partner related parties have committed to provide the required working capital facility through a kCHF 35’000 non-convertible debt that will be drawn down in three instalments between May and December 2019. This facility has a 31st December 2021 maturity.

Report of the statutory auditor

to the General Meeting of LECLANCHE SA

Yverdon-les-Bains

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LECLANCHE SA, which comprise the balance sheet as at 31 December 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 96 to 107) as at 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 1 to these financial statements, which states that the company is aware of the significant execution risk of its turnaround and growth plan. This, along with other matters as described in note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

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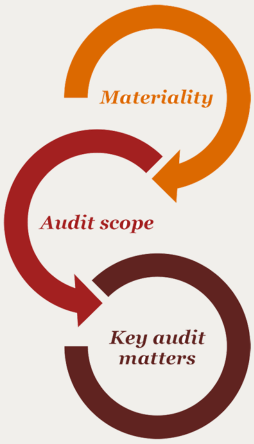
Our audit approach

Overview



Overall materiality: CHF 1'750'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

- Revenue recognition for "projects"

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1'750'000
How we determined it	4% of loss before tax, rounded
Rationale for the materiality benchmark applied	We choose loss before tax, as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured, and is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue recognition for "projects"

Key audit matter	*How our audit addressed the key audit matter*
Revenues resulting from "projects" amounted to kCHF 36'014 for the year, being 73% of total revenues for the period. There are two critical judgement relating to revenues from projects: 1) the assessment of whether such contracts comprise of one or multiple performance obligations and 2) the method and estimates used in the measurement of progress calculations are appropriate. *Performance obligations (see Note 1)* Management analysed the related revenue guidance to determine if the individual promises in project contracts meet the definition of distinct goods or services and concluded that the contracts include one performance obligation; a delivery of an energy storage solution. Management have assessed that the criteria required to conclude that performance obligations are satisfied over time have been met. *Over time accounting (see Note 1)* The input method based on costs for measuring progress over time for projects has been used. This process involves a certain degree of estimation and judgement.	We obtained an understanding of the nature of the projects delivered by the company through enquiries with management. We reviewed the accounting policies for project revenue and evaluated whether they are compliant with Swiss Code of Obligations and appropriate based on our understanding of the nature of the entity's business. We obtained detailed analysis of the contracts and performed the following: • We assessed the completeness of the detailed analysis in the light of our knowledge of the business, discussions with management and review of minutes of the Board of Directors. • We agreed contract details to signed contracts and detailed analysis. • We verified the mathematical accuracy of the detailed analysis • We independently assessed whether the criteria required for the satisfaction of performance obligations over time was met • In relation to the cost of materials we verified based on sampling the accuracy and the allocation of costs to each project. We also verified that the material was transferred to the client before year-end. • In relation to the measurement of progress we performed enquiries with management and the project manager in order to assess the measurement of progress reasonableness.

- We agreed the amounts invoiced to invoices, assessed entity's costs to complete estimate and performed calculation of revenue recognised during the period.
- We agreed revenue and expenses recognised for the period as well as amounts due to and from customers to the financial statements.

We inquired with management whether there is a risk of loss due to disputes, delays, overruns or other factors that may impact profitability.

We assessed the need to recognise provisions for expected losses based on enquiries from management, and our understanding of the contracts.

Based on our procedures, we deemed the judgements made by management to be reasonable and the accounting for revenue for projects appropriate.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Furthermore, we draw attention to the fact that half of the share capital and legal reserves is no longer covered (article 725 para. 1 CO).

PricewaterhouseCoopers SA

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Audit expert Auditor in charge	Audit expert

Lausanne, 4 April 2019

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Leclanché S.A. shares are listed on the SIX Swiss Exchange, Zurich (ISIN code: CH0110303119).
https://www.six-group.com/exchanges/shares/security_info_en.html?id=CH0110303119CHF4

Disclaimer

The Annual Report contains forward looking statements which reflect Management's current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, and regulatory developments.