

## Leclanché provides updates on the strategic Company reorganization announced in June

- *Two standalone operating companies, eTransport Solutions and Stationary Storage Solutions, to be carved out and operate under the Leclanché S.A. Group*
- *Expression of interest by key customers to potentially become strategic shareholders in the large-scale lithium-ion cell manufacturing joint venture*
- *Ongoing sale/ joint venture process for Specialty Battery Systems business*
- *CHF 61 million of debt conversion into equity resulting in a record low level of debt*
- *Leclanché and Eneris Group reassessing all the agreements announced on 2<sup>nd</sup> June 2020 – aiming to sign a revised industrial cooperation agreement with funding under the original loan agreement uncertain*
- *Bridge loan interim financing facility of CHF 34 million provided by the largest shareholder to complete the ongoing reorganization. First drawdown of CHF 4.5 million was received on 11<sup>th</sup> September 2020*
- *Financial advisor being appointed to help form the manufacturing joint venture and raise the capital required to fully fund the business plan*

**YVERDON-LES-BAINS, Switzerland, 15<sup>th</sup> September, 2020** – On 2<sup>nd</sup> June 2020, [Leclanché SA](#) (SIX: LECN), one of the world’s leading energy storage companies, had announced its plans for a strategic Company reorganization along with an industrial partnership agreement with Eneris Group aiming at creating a leading European battery partnership.

### The new Leclanché S.A. operating model

**In June, Stefan Mueller, Chairman of the Board, had noted** *“We are embarking on a strategic reorganization while recognizing the challenging current economic conditions due to Covid-19. The Board of Directors of the Company has decided to reorganize Leclanché’s operating model as the current Business Units have reached a critical size in terms of personnel, revenue and customer contracts. The Board is of the firm view that the Company has solid fundamentals to deliver profitable growth based on a strong global order book, advances in proprietary high capacity cells and the adoption of a highly profitable build-own-operate model for our Stationary Business Unit.”*

From Q4 2020, the Company shall operate through two standalone Business Units: eTransport Solutions, focused on the electrification of fleet vehicles and marine vessels, and Stationary Storage Solutions, focused on the integration of renewable energies in the electric grid and green power plants. The Company is undergoing a strategic reorganization where these business units, alongside



manufacturing activities, shall be carved out into independent operating entities in the coming months.

In order to focus on the core business, the Board of the Company has decided to sell or move the Specialty Battery Systems business into a Joint Venture with strategic shareholder(s) who would invest in supporting growth of this business line. The Company is committed to ensure business continuity for all customers of this business unit while this process is being completed.

The reorganization presents a compelling opportunity for new investors to participate in the high growth green tech systems and software companies comprising **the New Leclanché**. The Company is confident that it can raise the necessary capital to fund its business plan until 2022, in large part due to the strategic reorganization underway which has made the Company quite investable. The Company's Board is in the process of appointing a bank to run the capital raise process.

### **The manufacturing joint venture: pivoting to a new capital-light model for production**

After the announcement in June, customer and market feedback were very encouraging confirming a strong demand for the Company's lithium cells designed and optimized for fleet vehicles and marine vessels. Therefore, the Company has decided to increase the capacity planned for the Joint Venture (JV) to 2.4 GWh per annum in two phases. We are pleased to announce that the Company has secured interest from its key customers to become strategic shareholders of this JV, with other shareholders including Eneris Group.

All major favourable consequences of the reorganization announced in June, as detailed in the Letter to Shareholders dated 2<sup>nd</sup> June 2020, remain unchanged due to the recent change in the scope of the JV.

### **Reassessment of relationship between Leclanché and Eneris Group – suspension of agreements**

As a result of recent developments due to Covid-19 related delays on certain projects, Leclanché and Eneris Group have elected to reassess their relationship and its timing regarding the new context. The reassessment concerns all the agreements announced on 2<sup>nd</sup> June 2020, including the technology license agreement (TLA), the industrial cooperation agreement and the loan agreement, originally aimed at providing funding to Leclanché in an amount up to CHF 42 million. For the time being, Leclanché and Eneris Group have suspended the implementation of the announced agreements. This also means that the loan agreement – under which EUR 5 million (first tranche) has been made available to Leclanché so far – has been suspended, and at this stage it is unclear whether any further funding can be obtained by Leclanché and/or will be made by Eneris under this loan agreement, another agreement or whether the EUR 5 million drawn down will be refunded.



### **FEFAM<sup>1</sup> to provide bridge loan interim financing facility of CHF 34 million**

In view of Leclanché's working capital needs, its main shareholder, FEFAM, has committed to fund the Company with an amount of up to CHF 34 million with an agreed upon monthly drawdown schedule, subject to fulfilment of certain conditions.

*"After having invested more than CHF 240 million in the Company over the past few years, we are pleased to see that the Company has reached a critical size to create two standalone business entities. It presents a clear investment proposition for new investors to become reference shareholders alongside our very considerable investment so far. We are supportive of the ongoing strategic reorganization; in particular, we are excited to see the interest of the Company's key customers to participate in a large-scale manufacturing joint venture,"* **said Marc Lefebvre on behalf of the Board of Directors of FEFAM.**

*"We strongly believe in cooperation with Leclanché in building European advanced batteries capacity. Our cooperation so far has proven our industrial compatibility and necessity to combine forces to address the challenge of European e-mobility and energy storage. The lending instrument, chosen in a particular time of confinement, has not proven adequate and we are looking forward for direct industrial, technology and R&D investments, while thanking Leclanché's main shareholder, FEFAM, for directly supporting the Company and allowing us to focus on implementing our cooperation and for Leclanche management to grow its market position with outstanding products and solutions,"* **said Artur Dela, Eneris Group Chairman.**

### **Capital increases of CHF 61 million**

The Company is pleased to confirm the implementation of the CHF 50.93 million debt to equity conversion approved by the shareholders at the AGM held on 30<sup>th</sup> June 2020. In addition, and in view of further strengthening the balance sheet of the Company, the Board of Directors agreed with Golden Partner that Golden Partner will convert additional debt in the amount of CHF 10.71 million of debt owed by the Company to Golden Partner into equity of the Company. In order to implement this additional CHF 10.71 million debt to equity conversion, the Board of Directors will resolve an increase of share capital from authorized share capital at a conversion price of CHF 0.5348 per share and excluding the existing shareholders' subscription rights on 17<sup>th</sup> September 2020, concurrently with the implementation of the CHF 50.93 million debt to equity conversion. As a result, Company's share capital will be increased by a total of CHF 61.64 million. This conversion shall reduce the debt level of the Company considerably to approximately CHF 15 million.

<sup>1</sup> FEFAM means: AM INVESTMENT SCA, SICAV-SIF - Illiquid 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".



## PRESS RELEASE



*“We thank our largest shareholder FEFAM for its continued strong support by providing new funding and converting substantial debt into equity. This will allow the Company time to expeditiously complete the ongoing reorganization. The resulting savings in operating and capital expenses, coupled with the solid order book and project pipeline, underpins our confidence to reach EBITDA breakeven in a 2022-23 timeframe and deliver sustainable profitable growth thereafter.*

*Though we had to delay the formation of the manufacturing JV, the enhanced scope and structure of the JV is significantly more value accretive for the Company,”* **said Leclanché CEO Anil Srivastava.**

For more information, write to [info@leclanche.com](mailto:info@leclanche.com) or visit [www.leclanche.com](http://www.leclanche.com).

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## About Leclanché

Headquartered in Switzerland, Leclanché SA is a leading provider of high-quality energy storage solutions designed to accelerate our progress towards a clean energy future. Leclanché's history and heritage is rooted in over 100 years of battery and energy storage innovation and the Company is a trusted provider of energy storage solutions globally. This coupled with the Company's culture of German engineering and Swiss precision and quality, continues to make Leclanché the partner of choice for both disruptors, established companies and governments who are pioneering positive changes in how energy is produced, distributed and consumed around the world. The energy transition is being driven primarily by changes in the management of our electricity networks and the electrification of transport, and these two end markets form the backbone of our strategy and business model. Leclanché is at the heart of the convergence of the electrification of transport and the changes in the distribution network. Leclanché is the only listed pure play energy storage company in the world, organised along three business units: stationary storage solutions, e-Transport solutions and specialty batteries systems. Leclanché is listed on the Swiss Stock Exchange (SIX: LECN).

SIX Swiss Exchange: ticker symbol LECN | ISIN CH 011 030 311 9

## Disclaimer

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

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