Leclanché
Energy Storage Solutions

Leclanché Group

2020 Semi-Annual Report

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Table of Content

Leclanché
Energy Storage Solutions

Interim condensed consolidated financial statements 2020

Condensed consolidated income statements for the period ended 30 June 2020 and 2019 (unaudited)

	Notes	30.06.2020	30.06.2019
		kCHF	kCHF
Revenue from contracts with customers	8 / 9.1	9'981	6'461
Other income	9.2	697	559
Total income		**10'678**	**7'020**
Raw materials and consumables used		-11'490	-13'342
Personnel costs	9.3	-16'848	-13'678
Other operating expenses	9.4	-9'172	-8'610
Net impairment losses on financial and contract assets		-770	24
Depreciation and amortisation		-2'695	-2'785
Operating Loss		**-30'297**	**-31'371**
Finance costs	9.5	-6'887	-2'525
Finance income		167	547
Share of net profit of associates accounted for using the equity method		-342	-256
Loss before tax for the period		**-37'359**	**-33'605**
Income tax		-27	-49
Loss for the period of the Group		**-37'387**	**-33'653**
Earnings per share (CHF)			
- basic	21	-0.24	-0.27
- diluted	21	-0.24	-0.27

Condensed consolidated statements of comprehensive income for the period ended 30 June 2020 and 2019 (unaudited)

	30.06.2020	30.06.2019
	kCHF	kCHF
Loss for the period	-37'387	-33'653
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	-328	-171
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-192	-350
Other comprehensive income/(loss) for the period	-521	-520
Total comprehensive loss for the period	-37'907	-34'173

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

Leclanché Energy Storage Solutions

Condensed consolidated balance sheets of 30 June 2020 (unaudited) and 31 December 2019 (audited)

	Notes	30.06.2020	31.12.2019
		kCHF	kCHF
ASSETS			
Non-current assets			
Property, plant and equipment		18'279	15'469
Right-of-use assets		4'081	5'010
Intangible assets		5'187	5'031
Financial assets	10	3'116	4'758
Trade and other receivables	11	957	267
Investments accounted for using the equity method	10	3'811	2'190
		35'430	32'725
Current assets			
Inventories		24'253	19'760
Trade and other receivables	11	8'900	8'910
Advance to suppliers	11	6'961	6'965
Contract assets		4'272	3'201
Cash and cash equivalents		9'747	1'529
		54'132	40'365
TOTAL ASSETS		89'563	73'090
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	12	15'860	15'382
Share premium		18'775	16'587
Reserve for share-based payment	13	3'598	3'316
Other reserves		4'975	4'975
Translation reserve		-4'516	-4'343
Equity component of warrants and convertible loans	14	826	640
Remeasurements of post-employment benefit obligations		-18'212	-17'884
Accumulated losses		-68'992	-31'398
		-47'686	-12'725
Non-current liabilities			
Defined benefit pension liability		11'193	10'492
Convertible Loans	14	54'040	20'615
Loans	15	15'886	125
Lease liabilities		2'312	3'163
Deferred tax liability		394	394
		83'826	34'788
Current liabilities			
Provisions		7'123	5'876
Convertible Loans	14	-	10'388
Loans	15	100	7'083
Lease liabilities		1'796	1'871
Trade and other payables	17	38'032	24'208
Contract liabilities		6'372	1'601
		53'422	51'027
TOTAL LIABILITIES		137'248	85'815
TOTAL EQUITY AND LIABILITIES		89'563	73'090

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

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Energy Storage Solutions

Condensed consolidated statement of changes in equity for the period ended 30 June 2020 (unaudited)

	Attributable to equity holders of the parent								
	Issued share capital	Share premium (1)	Reserve for share-based payment	Other reserves	Equity component of convertible loans and warrants	Translation reserve	Remeasure-ments of post-employment benefit obligations	Accumulated losses	Total
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2019	175'716	313	2'487	4'975	1'124	-3'878	-16'078	-146'303	18'355
Loss for the period	-	-	-	-	-	-	-	-33'653	-33'653
Other comprehensive income:									-
Remeasurements of post employment benefit obligations	-	-	-	-	-	-	-171	-	-171
Currency translation differences	-	-	-	-	-	-350	-	-	-350
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-350**	**-171**	**-33'653**	**-34'173**
Reserve for share-based payment	-	-	296	-	-	-	-	-	296
Other adjustment	-	-	-	-	-	-68	-	68	-
Capital increase by loan conversion - 10.05.2019	35'297	187	-	-	-264	-	-	1'025	36'245
Equity component of convertible loans	-	-	-	-	1'413	-	-	220	1'634
Balance at 30 June 2019	**211'013**	**500**	**2'783**	**4'975**	**2'274**	**-4'296**	**-16'249**	**-178'643**	**22'356**
Balance at 1 January 2020	15'382	16'587	3'316	4'975	640	-4'343	-17'884	-31'398	-12'725
Loss for the period	-	-	-	-	-	-	-	-37'387	-37'387
Other comprehensive income:									
Remeasurements of post employment benefit obligations	-	-	-	-	-	-	-328	-	-328
Currency translation differences	-	-	-	-	-	-192	-	-	-192
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-192**	**-328**	**-37'387**	**-37'907**
Reserve for share-based payment	-	-	282	-	-	-	-	-	282
Other adjustment	-	-	-	-	-	19	-	-19	-
Capital increase by loan conversion	479	2'188	-	-	-	-	-	-188	2'479
Equity component of convertible loans & warrants	-	-	-	-	185	-	-	-	185
Balance at 30 June 2020	**15'860**	**18'775**	**3'598**	**4'975**	**826**	**-4'516**	**-18'212**	**-68'992**	**-47'686**

(1) Transaction costs are accounted for as a deduction of Share premium in 2020 for 27 KCHF (2019: 477 KCHF)

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

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Energy Storage Solutions

Condensed consolidated statement of cash flows for the period ended 30 June 2020 and 2019 (unaudited)

	30.06.2020	30.06.2019
	kCHF	kCHF
Operating activities		
Loss for the period of the Group	-37'387	-33'653
Non cash adjustments:		
Depreciation of property, plant and equipment and right-of-use assets	2'358	1'798
Amortisation and impairment of intangible assets	311	983
Net impairment losses on financial and contract assets	770	-
Result on scrapping of fixed assets	56	3
Non-realised foreign exchange differences	763	-210
Non-cash employee benefit expenses - share based payment	282	296
Non-cash employee benefit expenses - pension	373	561
Adjustment on associates	342	-
finance costs	6'720	2'400
Working capital adjustments:		
(In)/Decrease in trade and other receivables	-675	2'271
(In)/Decrease in contract assets	-1'071	4'735
(In)/Decrease in advances to suppliers	5	-546
(In)/Decrease in inventories	-4'358	784
In/(Decrease) in contract liabilities	4'771	19
In/(Decrease) in trade and other payables	4'438	4'171
In/(Decrease) in provisions	1'112	698
Income taxes paid	-	369
Interest paid	-1'656	-1'683
Net cash used in operating activities	**-22'843**	**-17'004**
Investing activities		
Payment for property, plant and equipment	-3'797	-3'543
Investment in financial assets	881	-652
Investment in associates	-1'964	-1'988
Payment for intangible assets	-44	-1'095
Net cash used in investing activities	**-4'924**	**-7'278**
Financing activities		
Proceeds from convertible loans	26'813	20'400
Transaction costs on conversion of loan into capital	-27	-478
Proceeds from non convertible loans	10'659	1'270
Principal elements of lease payments	-926	-899
Repayment of loans	-593	-50
Net cash from financing activities	**35'926**	**20'243**
Increase / (Decrease) in cash and cash equivalent	**8'159**	**-4'039**
Cash and cash equivalent at 1 January	1'529	8'438
Cash and cash equivalent at 30 June	9'747	4'405
Effect of exchange rate changes	-59	-6
Variation	**8'159**	**-4'039**

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

Leclanché
Energy Storage Solutions

Notes to the consolidated financial statements

1. 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**".

As of 30 June 2020, 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 Service GmbH (1)	Willstätt	Germany	EUR	25'000.00	100%
Leclanché UK Ltd	London	England	GBP	100.00	100%
Leclanché North America Inc.	Wilmington, Delaware	USA	USD	0.01	100%
Leclanché Canada Inc.	Victoria, British Colombia	Canada	CAD	0.00	100%
Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge	Ahmedabad, Gujarat	India	INR	1'118'615'986	25.01%
Leclanché France SASU (2)	Versailles	France	EUR	2'664.50	100%
Leclanché Norway AS (3)	Oslo	Norway	NOK	2'862.45	100%

(1) Leclanché Service GmbH has been incorporated on 28 May 2019 and is fully owned by Leclanché GmbH

(2) Leclanché France SASU has been incorporated on 26 June 2020

(3) Leclanché Norway AS has been incorporated on 15 June 2020

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.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2020 is prepared in accordance with IAS 34, "**Interim financial reporting**." The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS.

3. ACCOUNTING POLICIES

The accounting policies applied by the Group in this interim condensed financial information are consistent with those applied in the consolidated financial statements as of and for the year ended 31 December 2019 except as described below.

Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected total annual profit or loss.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on 1 January 2020:

There were no new standards mandatory for the financial year beginning on 1 January 2020, impacting the Group.

A number of standards have been amended for the financial year beginning on 1 January 2020. These include Covid-19 Related Rent Concessions (IFRS 16), Definition of a Business (IFRS 3), Definition of Material (IAS 1 and IAS 8) and Interest Rate Benchmark Reform (IFRS 9, IAS 39 and IFRS 7). These amendments have no material impact on the Group's interim condensed financial statements.

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

The Group has not early adopted any other new standards, interpretations to existing standards and standards amendments which need adoption by 1 January 2021 or later. The Group has commenced, but not yet completed, an assessment of the impact of the adoption of these new or amended standards on its consolidated financial statements. The relevant standards and amendments identified by the Group to date are disclosed in the Annual Financial Statement for the year ended 31 December 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except for the uncertainties and ability to continue as a going concern (see below).

5. UNCERTAINTIES AND ABILITY TO CONTINUE AS A GOING CONCERN

Leclanché announced on 2 June 2020 the signature of a long-term partnership agreement with the Eneris group. The signed agreements supporting this partnership were aimed at providing the Group with a credit facility of kCHF 42'000, of which kCHF 21'000 to be confirmed and the financing of kCHF 53'000 of capital expenditure for the increase of the production capacity of Willstätt and Yverdon-les-Bains, respectively for the assembly of cells and modules. In return, Leclanché granted Eneris a non-exclusive perpetual right to use its technology, subject to the payment of a maximum amount of kCHF 32'000. Under these agreements, the first tranche of the credit facility was received on 27 May 2020 for an amount of kCHF 5'333.

As a result of recent developments due to Covid-19 related delays on certain projects, Leclanché and Eneris Group have elected to suspend the implementation of the announced agreements, including the financing by Eneris of the remaining kCHF 16'000 due under the Loan Agreement.

In light of Leclanché's working capital requirements, its main shareholder, FEFAM[1], has committed to partially offset this financing deficit by providing the Group with a credit facility of up to kCHF 34'000 with an agreed monthly drawdown schedule, subject to certain conditions being met.

In parallel the Group has entered into a due diligence phase with a major industrial investor interested in taking a significant stake in the share capital of Leclanché SA.

Subject to the continuing availability of sufficient equity, including the ability of Leclanché to complete the fundraise mentioned above, 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 significant execution risk over the turnaround and Growth Plan of the Group, which may cast significant doubts on the Group's ability to continue as a going concern.

6. FINANCIAL RISK MANAGEMENT

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 interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statement and should be read in conjunction with the Group's annual financial statements as of 31 December 2019.
There have been no changes in the risk management or in any risk management policies since 31 December 2019.

7. SEASONALITY OF OPERATIONS

The Group's business activities are not subject to any pronounced seasonal fluctuations.

8. 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 July 2018, the operating business is organised in three segments:

- **Stationary Business Unit** 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** sells customised systems to support customers in the mass marine, road/off-road and rail transportation markets.

[1] 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".

- **Specialty Battery Business Unit** 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 machinery markets. Specialty Battery Business Unit also sells branded consumer products to selected customers.

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		**Total**	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**	**30.06.2020**	**30.06.2019**	**30.06.2020**	**30.06.2019**	**30.06.2020**	**30.06.2019**
Timing of revenue recognition:										
At a point in time	*-*	*263*	*-*	*-*	*2'112*	*3'198*	*-*	*-*	*2'112*	*3'461*
Over time	*6'570*	*-*	*1'301*	*3'001*	*-*	*-*	*-*	*-*	*7'870*	*3'001*
Revenue from contracts with customers	6'570	263	1'301	3'001	2'112	3'198	-	-	9'981	6'461
EBITDA	-8'851	-5'704	-6'262	-9'656	-1'223	-4'294	-10'495	-8'933	-26'832	-28'586
EBIT	-9'573	-6'101	-8'616	-10'872	-1'318	-4'435	-10'878	-9'964	-30'386	-31'371

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

Reconciling items	**30.06.2020**	**30.06.2019**
	kCHF	kCHF
EBITDA reportable segment	**-16'336**	**-19'653**
Corporate costs	-10'495	-8'933
Depreciation, amortisation and impairment expenses	-3'465	-2'785
Finance revenue	167	547
Finance costs	-6'887	-2'525
Share of net loss of associates accounted for using the equity method	-342	-256
Income tax	-27	-49
Loss for the period	**-37'387**	**-33'653**

9. REVENUES AND EXPENSES

9.1 REVENUE FROM CONTRACT WITH CUSTOMERS

The Group has the following types of revenues:

Revenue	**30.06.2020**	**30.06.2019**
	kCHF	kCHF
Projects	7'870	3'572
Sales of goods & services	2'112	2'890
	9'981	**6'461**
At a point in time	2'112	3'461
over time	7'870	3'001
	9'981	**6'461**

In the first six months of 2020, the Group realised 59.3% of its revenue with two e-Transport business unit customers. Comparatively, in the first six months of 2019, the Group realised 46.6% of its revenue with three Stationary business unit customers.

9.2 OTHER INCOME

Other income encompasses mainly subsidies granted for the participation of the German factory in various battery cell development projects.

9.3 PERSONNEL COSTS

	30.06.2020	30.06.2019
	kCHF	kCHF
Salaries	13'618	11'211
Social charges	1'707	1'611
Recognised expense for stock option plans	565	296
Pension costs (defined benefit plan)	959	561
	16'848	**13'678**

9.4 OTHER OPERATING EXPENSES

	30.06.2020	30.06.2019
	kCHF	kCHF
Consulting & IP costs	2'419	2'449
Legal costs	1'889	1'205
Rental and storage costs	166	246
Building utilities	642	529
Travel costs	538	1'226
IT costs	415	282
Manufacturing costs	313	142
Sales & marketing costs	84	107
Transport and packaging	1'119	822
Administration costs	311	287
Sundry duties and capital taxes	381	145
Insurances	392	254
Commissions on financing	-63	245
Miscellaneous	566	672
	9'172	**8'610**

9.5 FINANCE COSTS

	30.06.2020	30.06.2019
	kCHF	kCHF
Convertible loans – interests	2'857	233
Loans - interests	347	113
Leasing - finance costs	24	32
Placement and conversion fees	3'022	2'118
Bank charges	42	29
Realised and unrealised exchange losses	596	-
	6'887	**2'525**

10. FINANCIAL ASSETS

	30.06.2020	31.12.2019
	kCHF	kCHF
Investments	-	484
Restricted cash at bank	2'042	3'867
Other deposits	1'074	407
Total financial assets	**3'116**	**4'758**
investment in associate Nexcharge	3'811	2'190
investments accounted for using the equity method	**3'811**	**2'190**

(a) Financial assets

The investments consist in:

- the participation of 11.5% (2019: 11.5%) of Leclanché SA in the equity of a Special Purpose Vehicle ("**SPV**") Maple Leaf, for an amount of CHF 0 (in 2019: CHF 0). This structured entity is dedicated to the IESO Ontario stationary storage project in Canada. This investment has been fully impaired as of 31 December 2019
- an equity investment in Fast Charge (trans-Canadian highway project) for an amount of CHF 0 (2019: kCHF 484). This investment has been fully impaired as of 30 June 2020.

Restricted cash at bank corresponds to performance guarantees on current projects under construction, a letter of credit for the construction of a new formation line at Leclanché GmbH in Willstätt, Germany and a guarantee for the Covid-19 BCV loan.

(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.

11. TRADE AND OTHER RECEIVABLES

	30.06.2020	31.12.2019
	kCHF	kCHF
Trade receivables, net of provision for impairment - short term	4'204	5'116
Trade receivables, net of provision for impairment - long term	957	267
Short-term loan	1'060	1'055
Other receivables	3'636	2'738
Total trade and other receivables	**9'857**	**9'178**
Advances to suppliers	**6'961**	**6'965**
Total	**16'818**	**16'143**

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

Short-term loan, have been injected by Leclanché SA in:

- the SPV Maple Leaf. As of 30 June 2020, Leclanché SA provided a short-term loan to the SPV amounting to kCHF 8’794 (as of 31 December 2019: kCHF 8’514) to finance the IESO project. As of 31 December 2019, the loan has been fully impaired. In 2020, the additional loan for kCHF 280 has also been impaired.
- the SPV Marengo seeking to finance the Marengo project.

12. SHARE CAPITAL

As of 30 June 2020, the share capital amounts to CHF 15’860’417.70, consisting of 158’604’177 issued and fully paid-in registered shares with a nominal value of CHF 0.10.

Number of Shares	**30.06.2020**	**31.12.2019**
	Unit	Unit
Ordinary shares, nominal value CHF 0.10 (CHF 1.50 up to 24 October 2019)	158'604'177	153'817'201

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 the selected eligible employees within the Group with the opportunity to participate in Leclanché’s long-term success, subject to the approval of the Leclanché Board of Directors 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 the employees with those of the shareholders.

As of 30 June 2020, the 5’100’000 outstanding options of this CSO Plan, represent an expense of kCHF 282 during the first semester 2020 (including 60’000 options forfeited for kCHF 7). The related reserve for share-based payment amounts to kCHF 3’598.

14. CONVERTIBLE LOANS AND WARRANTS

A) Convertible loans

Facility A/B/C/D (“**FEFAM Convertible Loan**”)
On 30 June 2018, FEFAM has acquired the remaining outstanding amounts 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**”) the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion, as part of a financial restructuring plan. kCHF 54’692 have been converted into equity with effect as of 12 December 2018, including Facility D1 for kCHF 5’092 and Facility D2 for kCHF 6’000.

On 9 May 2019, the shareholders approved at the Ordinary General Meeting (“**AGM**”) the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion, as part of a financial restructuring plan. kCHF 13’862 have been converted into equity with effect as of 10 May 2019.

As of 30 June 2020, interest for kCHF 45 remain outstanding under Facility B and Facility C.

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 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 of 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.

On 9 May 2019, the shareholders approved at the AGM the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion, as part of a financial restructuring plan. kCHF 22’100 has been converted into equity with effect as of 10 May 2019.

In 2019 kCHF 6’500 has been drawn and kCHF 58’100 has been drawn down out of the expected kCHF 60’500.

As of 30 June 2020, kCHF 72 remains outstanding under CL.

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 facility of up to kCHF 50’000 (the "**FEFAM ROFO Loan**") seeking to provide the Company with the funds required to finance Merger and Acquisition (M&A), joint venture projects and performance bonds.

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.

In 2019, kCHF 5’500 has been drawn and as of 31 December 2019 kCHF 9’890 remain outstanding under the FEFAM ROFO Agreement (principal and interest).

In 2020, KCHF 2’000 has been drawn and as of 30 June 2020, kCHF 7’980 remain outstanding under the FEFAM ROFO Agreement.

2019 Working Capital Line (“**2019 WCL**”)

On 26 March 2019, Leclanché SA and Golden Partner Related Parties (“**GP Related Parties**”) have signed a Facilitation Agreement (“**2019 Facilitation Agreement**”). Amongst others, Golden Partner agreed to provide Leclanché with a CHF 35 million non-convertible loan (the 2019 WCL), with a 31 December 2021 maturity. On 3 April 2019, a Request for Binding Commitment has been signed by the parties confirming that the 2019 WCL carries a coupon of 8% per annum. On 9 April 2019, an Addendum to Request for Binding Commitment has been signed by the parties stating that under a Third-Party Agreement a third-party investor (including FEFAM but not the GP Related Parties) has the option to convert the portion of the 2019 WCL invested into shares with a conversion at 85% of the prevailing 60-day VWAP, always provided that the conversion price shall have a floor at the par value per share. On 5 June 2019, a Third-Party Agreement has been signed between the Company and FEFAM.

On 24 October 2019, the shareholders approved at the EGM 2019 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, the 2019 WCL has been converted for an amount of kCHF 17'400.

As of 30 June 2020, the Company has fully drawn the 2019 WCL under the 2019 Facilitation Agreement for kCHF 35'000 and kCHF 18'441 remain outstanding (principal and interest).

2020 Working Capital Line ("**2020 WCL**")

On 23 December 2019, Leclanché SA, Golden Partner (Shanghai) Asset Management Co. Ltd and Golden Partner SA ("**GP**") have signed a Facilitation Agreement ("**2020 Facilitation Agreement**"). Amongst others, Golden Partner agreed to advise FEFAM and any other party to provide Leclanché with a CHF 25 million convertible loan (the 2020 WCL) until 31 March 2020, with a 31 December 2021 maturity. The 2020 WCL carries a coupon of 8% per annum and is convertible at the option of the holder into shares with a conversion at 85% of the prevailing 60-day VWAP, always provided that the conversion price shall have a floor at the par value per share.

In 2019, the Company has drawn kCHF 3'852 under the 2020 Facilitation Agreement.

As of 30 June 2020, the Company has fully drawn the 2020 WCL under the 2020 Facilitation Agreement for kCHF 25'000 and kCHF 25'523 remain outstanding (principal and interest).

Yorkville Facility Agreement

On 14 February 2020, the Company signed an agreement with YA II PN, LTD (the "**Original Investor**" or "**Yorkville**"), a fund belonging to Yorkville Advisors, a US New Jersey-based investment firm offering debt and equity financing to global, small and micro-cap companies, providing for an unsecured US dollars convertible loan facility with a maximum ceiling of kCHF 39'000 (the "**Yorkville Facility Agreement**")

As of 30 June 2020, the Company has drawn down a total of kCHF 3'666 in two tranches. The first drawdown for kCHF 2'930 has been partially converted into 4'548'689 shares (kCHF 2'407). As of 30 June 2020, kCHF 523 remains outstanding on tranche one, and kCHF 736 (100%) on tranche two.

Securities

FEFAM Convertible Loan, CL and CL Extension, 2019 Working Capital Line, 2020 Working Capital Line above and the three FEFAM loans below 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

Leclanché
Energy Storage Solutions

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 and JADE convertible loans

In a side agreement to the TAA 2018, Leclanché has agreed to pay certain arrangement fees to ACE-EE, ACE-LECN and JADE amounting to kCHF 544, which relate to debt transferred under the TA 2017. This amount was settled in cash during the first semester 2020. As of 30 June 2020, there is no amount outstanding under ACE-EE, ACE-LECN and JADE convertible loans.

As of 30 June 2020, the composition of the convertible loans is as follows:

	30.06.2020	31.12.2019
	kCHF	kCHF
Convertible loan - non-current liabilities	44'221	16'821
Embedded derivative	9'820	3'794
Convertible loans - non-current liabilties	54'040	20'615
Convertible loan - current liabilities	-	8'708
Embedded derivative	-	1'680
Convertible loans - current liabilities	-	10'388
Value of Convertible Loans at the end of the period	**54'040**	**31'004**

As of 30 June 2020, all convertible loans are carrying a 31 December 2021 or beyond maturity date and have been included in non-current liabilities.

(B) Warrants

Talisman 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 the 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 ten 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 ten 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 the loan conversion).

As of 30 June 2020, there were zero outstanding and unexercised Series A Warrants and 594’876 outstanding and unexercised Series B Warrants.

These Warrants, considered to be directly attributable transaction costs of 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:

			30.06.2020			31.12.2019
	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	-	640'390	640'390
Exercice of Warrants	-	-	-	-	-	-
At the end of the period	**-**	**640'390**	**640'390**	**-**	**640'390**	**640'390**

Yorkville Warrant Agreement

On 14 February 2020, Leclanché has signed a warrant agreement with Yorkville (the "**Yorkville Warrant Agreement**"). Subject to the terms of this agreement, the Company issues to the warrant holder, Yorkville, on each facility utilisation date a number of warrants (0.25 multiplied by the converted relevant loan amount and divided through the exercise price). Upon exercise of a warrant and payment of the then-current exercise price to Leclanché, Yorkville is entitled to receive or, respectively, receives one Leclanché share for each warrant exercised. The warrants may be exercised at any time during the applicable exercise period, i.e. the period commencing on the issue date of the warrants and ending on the third anniversary of such issue date. Each warrant shall be exercisable at the then-current exercise price, a price equal to 1.2 multiplied by the closing price of one Leclanché share one trading day immediately preceding the facilitation utilisation date relating to the relevant warrants.

As of 30 June 2020, the Company has issued two series of warrants to Yorkville alongside the tranches drawn under the Yorkville Facility Agreement.

15. LOANS

	30.06.2020	31.12.2019
	kCHF	kCHF
Current loans	100	100
Non-current loans	15'886	7'108
	15'986	7'208

FEFAM 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 28 February 2020, a Letter Agreement has been signed between Leclanché and AM Investment to extend the maturity of the loan to 31 December 2021.

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. Effective 1 November 2019, this loan has been transferred from Golden Partner International SA SPF to AM INVESTMENT SCA, SICAV-SIF - Illiquid Assets Sub-Fund, with unchanged loan characteristics. On 28 February 2020, a Letter Agreement has been signed between Leclanché and AM Investment to extend the maturity to 31 December 2021.

On 23 April 2019, a bridge loan in the amount of kCHF 1'270 was granted by FEFAM to the Company, bearing interest in the amount of 10% per annum. On 28 February 2020, a Letter Agreement has been signed between Leclanché and AM Investment to extend the maturity of this loan to 31 December 2021.

<u>Eneris loan</u>

On 21 May 2020, the Company and Eneris have, amongst other, entered into a loan agreement ("**Eneris LA**"). Under the Eneris LA, Eneris committed to provide Leclanché with working capital financing of up to kCHF 42'652, subject to fulfilment of certain conditions, which is aimed at funding the business plan through June 2021. The first kCHF 21'326 is committed with a disbursement through four equal monthly tranches starting from May 2020 and the second instalment of kCHF 21'326 to be discussed and agreed at a later stage. The Eneris Loan has a maturity date at 31 December 2024 and bears an interest at Euro-libor 3 months + 5% per annum. The Eneris Loan shall be secured, thereby benefitting from the security package at par (pari passu) with granted to secure certain debts owed to FEFAM. Eneris' obligation to timely fund the subsequent instalments is conditional upon fulfilment of certain conditions precedent, amongst others: (i) adhesion of Eneris to the security package, or (ii) perfection of the technology escrow, as per art. 3.4 of the Eneris Technology License Agreement.

In first semester 2020, KCHF 5'334 has been drawn and as of 30 June 2020, kCHF 5'354 remain outstanding under the Eneris LA.

<u>Covid-19 loans</u>

As part of the financing support provided by the Swiss Confederation to mitigate the effects of the Covid-19 virus, the Company has received a loan of kCHF 500 on 3 April 2020 from Banque Nationale Suisse (BNS) through Banque Cantonale Vaudoise (BCV). This loan has a maturity date of 30 April 2025 and bears no interest.

The Company has then signed a loan agreement with Banque Cantonale Vaudoise (BCV) for an amount of kCHF 4,400 on 11 June 2020. This government-backed financing aims at supporting companies' cash flow in these difficult times. The loan has a term of five years with a capital repayment from 31 March 2021 (kCHF 275 per quarter) and an average annual coupon of 0.7%.

Leclanché North America has been granted with a loan (Paycheck Protection Program Promissory Note) on 30 April 2020 for a total amount of kCHF 425. The interest rate on the loan is 1% with a maturity date of two years from the date of disbursement.

16. NET DEBT RECONCILIATION

	30.06.2020	31.12.2019
	kCHF	kCHF
Cash and cash equivalents	9'747	1'529
Convertible loans - repayable within one year	-	-10'388
Convertible loans - repayable after one year	-54'040	-20'615
Loans - repayable within one year	-100	-7'083
Loans - repayable after one year	-15'886	-125
Lease liabilities -short term	-1'796	-1'871
Lease liabilities - long term	-2'312	-3'163
Net Debt	**-64'387**	**-41'717**
Cash and liquid investments	9'747	1'529
Gross debt - fixed interest rates	-74'134	-43'245
Net Debt	**-64'387**	**-41'717**

	Cash and cash equivalents	Convertible loans	Loans	Lease liabilities	**Total**
	kCHF	kCHF	kCHF	kCHF	**kCHF**
Net Debt as of 1 January 2019	8'438	-36'571	-6'360	-	**-34'493**
Recognised on adoption of IFRS 16	-	-	-	-6'408	**-6'408**
Cash inflow	-	-20'400	-1'220	-	**-21'620**
Cash outflow (+) for liabilties, (-) for assets	-4'038	-	-	899	**-3'139**
Acquisition - leases	-	-	-	-424	**-424**
Conversion to equity	-	36'722	-	-	**36'722**
Equity component of convertible loans	-	1'634	-	-	**1'634**
Finance costs	-	852	-113	-32	**707**
Interests paid	-	1'561	90	32	**1'683**
Foreign exchange adjustments	5	66	-37	-	**35**
Other non cash movements	-	235	-	-	**235**
Net Debt as of 30 June 2019	**4'405**	**-15'902**	**-7'639**	**-5'934**	**-25'070**
Net Debt as of 1 January 2020	**1'529**	**-31'003**	**-7'208**	**-5'033**	**-41'717**
Cash inflow	-	-26'813	-10'659	-	**-37'472**
Cash outflow (+) for liabilties, (-) for assets	8'159	543	50	925	**9'677**
Conversion to equity	-	2'219	-	-	**2'219**
Equity component of convertible loans & warrants	-	185	-	-	**185**
Convertible loans issue costs	-	-	-	-	**-**
Finance costs	-	-874	-347	-24	**-1'245**
Interests paid	-	999	287	24	**1'309**
Interests accrued for	-	704	-26	-	**678**
Foreign exchange adjustments	59	-	-50	-	**9**
Other non cash movements	-	-	1'967	-	**1'967**
Net Debt as of 30 June 2020	**9'747**	**-54'040**	**-15'986**	**-4'108**	**-64'387**

17. TRADE AND OTHER PAYABLES

	30.06.2020	31.12.2019
	kCHF	kCHF
Trade payables	**11'900**	**8'200**
Other payables:	**26'132**	**16'007**
Accruals	20'078	12'011
Payroll and social charges	5'478	3'984
Other payables	576	13
	38'032	**24'208**

18. 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 respective levels during the period.

For financial assets at FVTPL (Fair Value Through Profit and Loss), the cost value is still the best evidence of the fair value. It consists of investments in structured entities. For additional information, see Note 10.

Embedded derivatives

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

	30.06.2020	31.12.2019
	kCHF	kCHF
At 1 January	5'474	8'320
Embedded derivatives disposed	-5	-8'320
Embedded derivatives acquired	4'351	5'474
At 30 June	**9'820**	**5'474**

Recognised fair value measurement

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

19. 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 a supplier 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. The supplier has initiated a legal action to claim damages for a potential loss of margin due to the non-production of Lot 3. At the same time, Leclanché initiated a legal action against the supplier for a lack of capacity in modules delivered. In July 2020, the Parties agreed on a final settlement proposal concluding in a final payment of kCHF 1'000 by the Group to the supplier. This amount has been accrued for as of 30 June 2020.

20. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties.

Key Management compensation

The compensation to key Management is shown below:

	30.06.2020	30.06.2019
	kCHF	kCHF
Salaries and other short-term employee benefits	1'220	1'133
Share-based payments	191	207
Total	**1'411**	**1'340**

Related parties

Related parties are defined as follows:

- **Golden Partner International SA**, is a global investment Management group headquartered in Switzerland advising FEFAM. FEFAM is a shareholder of Leclanché SA. 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%.
- **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.

Transactions

	30.06.2020	30.06.2019
	kCHF	kCHF
Revenues		
- to USGEM on Marengo project	-639	638
- to Golden Partner	-	406
- to Nexcharge	-	71
	-639	**1'115**
Personnel costs purchased:		
- from Golden Partner	29	97
	29	**97**
Finance costs		
- from Golden Partner & FEFAM	6'311	3'207
	6'311	**3'207**
Finance income		
- to USGEM / SGEM	22	37
	22	**37**

Year-end balances

	30.06.2020	31.12.2019
	kCHF	kCHF
Included in current and non-current assets:		
- short term loan from Marengo	891	890
- short term loan from SGEM	169	165
- receivable from Marengo	1'475	2'125
- receivable from Nexcharge	5	63
- receivable from SGEM	360	360
- investment in associate Nexcharge	5'941	2'190
	8'841	**5'794**
Included in current and non-current liabilities:		
- bridge loans due to FEFAM	-7'335	6'983
- loans & fees due to Golden Partner	6'475	3'454
- other loans due to FEFAM	50'817	32'162
- trade and other payables due to Golden Partner	-97	-
- trade and other payables due to Silveron	319	319
	50'179	**42'918**

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

21. EARNING PER SHARE

	30.06.2020	30.06.2019
	kCHF	kCHF
Net loss attributable to ordinary equity holders of the parent	-37'387	-33'653

	30.06.2020	30.06.2019
Weighted average number of ordinary shares in issue	154'830'195	123'941'814

	30.06.2020	30.06.2019
Earnings per share	CHF	CHF
- basic	-0.24	-0.27
- diluted	-0.24	-0.27

Basic profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.
The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration.

22. COMMITMENTS

On 22 June 2020, Leclanché signed a contract regarding the leasing of a building in Yverdon-les-Bains, Switzerland. The leasing is committed but will start on 30 October 2020 for a period of 15 years. The amount of lease liabilities at the start of the contract will approximately be kCHF 31'500.

23. IMPACT OF COVID-19

On 11 March 2020 the World Health Organization designated a new coronavirus disease (Covid-19) as a global pandemic. In response, governments around the world have implemented various public health and social measures aimed to slow the transmission of the virus, including orders to stay at or work from home, closure of non-essential businesses, cancellation of events and limitations on domestic and international travel. These measures have had a significant impact on global markets leading to economic fallout and uncertainty.

The Group has assessed the consequences of the Covid-19 pandemic on the Interim Financial Statements, specifically considering the impacts on key judgements and significant estimates as detailed on page 48 of the 2019 Consolidated Financial Statements of Leclanché Group. The Group will continue to monitor these areas of increased risk for material changes.

The Group has taken a number of measures to monitor and prevent the effects of the virus, such as health and safety measures for our people including physical distancing and the wearing of masks in the production areas. At this stage, and despite the re-evaluation of the partnership agreement with the Eneris Group mentioned below and the postponement of some projects, the impact on our business and results remains limited. We will continue to follow the various national institutes policies and advice as published by the governments and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people and our ability to deliver products to our customers within the agreed timeframe.

As part of the financing support provided by the Swiss Confederation, Leclanché was granted a loan of CHF 4.9 million. This government-backed financing had a positive effect on Leclanché's cash flow in these difficult times.

24. SUBSEQUENT EVENTS

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 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 kCHF 42'000. 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 kEUR 5'000 (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 kEUR 5'000 drawn down will be refunded.

In view of Leclanché's working capital needs, its main shareholder, FEFAM, has committed on 7 September 2020 to fund the Group with an amount of up to kCHF 34'000 with an agreed upon monthly drawdown schedule, subject to fulfilment of certain conditions. Two drawdowns have been already received on 11 September 2020 and 22 September for an amount of kCHF 4'500 and 4'000 respectively.

The Group implemented on 17 September 2020 a kCHF 50'928 debt to equity conversion approved by the shareholders at the Annual General Meeting held on 30 June 2020. In addition, the Board of Directors agreed that Golden Partner would convert into equity of the Company an additional debt owed by the Company to Golden Partner in the amount of kCHF 10'717. This conversion also took place on 17 September 2020. As a result, Company's share capital increased by a total amount of kCHF 61'645.

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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