Leclanché Group

2020 Annual Report

Leclanché SA
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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 (https://www.leclanche.com/investor-relations/articles-of-association/).

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 of 31 December 2020, the market capitalisation of the Company was kCHF 291'278 (31 December 2019: kCHF 214'575).

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

	Registered offices	Country	Currency	Share capital (LOC)	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%
Leclanché France SASU (2)	Versailles	France	EUR	2'500	100%
Leclanché Norway AS (3)	Oslo	Norway	NOK	30'000	100%
Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge (4)	Ahmedabad, Gujarat	India	INR	1'285'940'340	19.85%
Solec Power Ltd	Basseterre	Saint Kitts and Nevis	USD	100.00	50%

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

(2) Leclanché France SASU was incorporated on 26 June 2020 and is fully owned by Leclanché SA

(3) Leclanché Norway AS was incorporated on 15 June 2020 and is fully owned by Leclanché SA

(4) Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge was incorporated on 29 September 2018. The ownership interest of Leclanché SA was 19.85% as of 31 December 2020.

(5) Solec Power Ltd was incorporated on 29 March 2019. The interest ownership of Leclanché is 50% at the end of 2020.

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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 120 & seq. of the FMIA (Financial Market Infrastructure Act), the following shareholder held more than 3% of the voting rights of Leclanché S.A. as of 31 December 2020.

Shareholder	Number of Existing Shares held	Voting rights (%)[1]	Total purchase positions (Rights)		Total purchase positions (Rights,%)[1]
SEFAM [2]	195'221'483	75.1	4'011'133	[4]	1.5

[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 26'006'947.90, divided into 260'069'479 fully paid-in registered shares each with a nominal value of CHF 0.10).

[2] SEFAM means: AM INVESTMENT SCA, SICAV-SIF - Illiquid Assets Sub-Fund and AM INVESTMENT SCA, SICAV-SIF – R&D Sub-Fund , together with STRATEGIC EQUITY FUND - Renewable Energy Sub-Fund, STRATEGIC EQUITY FUND - Multi Asset Strategy Sub-Fund, STRATEGY 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 "**SEFAM**" (Crestbridge Management Company being the beneficial owner as per the reporting platform of SIX Regulation AG's Disclosure Office). Date of publication of most recent notification: 20 January 2021.

[4] The total purchase positions relate to the conversion rights under the SEFAM Convertible Loans. For additional information, see section 2 below. "Capital Structure/Convertible loans" and to Note 17A of the consolidated financial statements.

Five (5) disclosure notifications according to Article 120 & seq. of the FMIA were published by the Company in 2020. These notifications (including further details on the above-mentioned notifications) can be accessed at: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

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 of 31 December 2020, the issued share capital of the Company amounts to kCHF 26'007, divided into 260'069'479 fully paid-in registered shares with a nominal value of CHF 0.10 each.

Conditional share capital

Pursuant to Article 3ter and 3^{quinquies} of the Articles of Association, the conditional share capital of the Company represents an aggregate amount of kCHF 3'967 and is divided into the following components:

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Conditional capital reserved for equity Incentive Plans

Pursuant to Article 3^{ter} of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of kCHF 600 through the issuance of a maximum of 6’000’000 fully paid-in registered shares with a nominal value of CHF 0.10 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 of 31 December 2020, 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 3’367, by issuing a maximum of 33’669’258 fully paid-in registered shares with a nominal value of CHF 0.10 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/ACE 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 3quater of the Articles of Association, the Board of Directors is authorised until 8 May 2021 to increase the share capital up to a maximum amount of kCHF 5'665 through the issue of a maximum of 56'652'991 fully paid-in registered shares with a nominal value of CHF 0.10 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 Recharge and ACE Convertible Loan Agreement 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 5 June 2018, SEFAM 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, was converted into equity of the Company with effect as of 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.

- On 9 May 2019, the shareholders approved at the Ordinary General Meeting ("**AGM 2019**") as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. On the same day, SEFAM converted into equity the equivalent amount of kCHF 35'962 due under the outstanding Convertible Loan ("**CL**") and under the Facility B/C Convertible Loan. Pursuant to this conversion into equity, the Company issued 23'531'336 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 May 2019.

- On 24 October 2019, the shareholders approved at the Extraordinary General Meeting ("**EGM 2019**"), to reduce the share capital by way of a nominal value reduction and use the reduction amount of kCHF 196,945 to remedy the negative equity accrued of losses (Unterbilanz; bilan déficitaire). The capital reduction was implemented by reducing the nominal value of all 140,675,208 outstanding registered shares from CHF 1.50 per share to CHF 0.10 per share. On the same date, at the same EGM 2019, the shareholders approved 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 17'400, has been converted into equity of the Company with effect as of 25 October 2019. Pursuant to this conversion into equity, the Company issued 13'141'993 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 25 October 2019.

- On 16 September 2020, SEFAM converted into equity the equivalent amount of kCHF 50'928 due under the outstanding SEFAM ROFO Agreement, the 2019 Working Capital Line Agreement ("**2019 WCL**") and under the 2020 Working Capital Line Agreement ("**2020 WCL**"). Pursuant to this conversion into equity, the Company issued 77'280'996 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 17 September 2020. On the same date, Golden Partner SA and SEFAM converted into equity the equivalent amount of kCHF 10'717 due under certain facilitation and arrangement agreements (the "**Facilitation and Arrangement Agreements**"). Pursuant to this conversion into equity, the Company issued 20'039'616 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 17 September 2020.

- On 14 February 2020, the Company signed an agreement with YA II PN, LTD ("**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**"). During the year 2020, Yorkville converted into equity the equivalent amount of kCHF 4'830 (debt and conversion fees) due under the above agreement. Pursuant to these conversions into equity, the Company issued 8'931'666 new registered shares. These capital increases were registered in the Commercial Register of the Canton of Vaud on 17 September 2020 (4'786'976 shares) and 18 January 2021 (4'144'690 shares).

Shares

All shares of the Company are registered shares with a nominal value of CHF 0.10 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 2020, no option was granted under the CSO Plan (2019: 1'755'000). As of 31 December 2020, 3'900'000 options were outstanding, corresponding to 1.50% of the issued share capital.

Options granted under the CSO Plan as of 31 December 2020:

	2014 attribution	2015 attribution	2016 attribution	2016 attribution	2018 attribution	2019 attribution
Number of options granted	119'000	1'000'000	250'000	740'000	1'565'000	1'755'000
Grant date	19.03.15	19.03.15	01.01.16	01.01.16	03.12.18	20.09.19
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%	20.09.19 : 33% 20.09.20 : 33% 20.09.21 : 33%
Expiration date	31.12.20	31.12.20	31.12.22	31.12.22	03.12.25	20.09.26
Share price at grant date	4.19	4.19	2.58	2.58	1.88	1.56
Exercise price	3.00	1.50	2.50	2.95	1.50	1.26
Cap	12.00	6.00	11.79	11.79	6.00	5.04
Volatility (annualized)	81.92%	81.92%	53.80%	53.80%	55.14%	54.97%
Risk free interest rate (annualized)	0.07%	0.07%	-0.08%	-0.08%	0.00%	0.00%
Fair Value of the option at grant date	0.47	1.46	0.87	0.75	0.59	0.50

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 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 2020, 2019 and 2018, no Warrants were exercised. In 2017, 222'827 Series A Warrants were exercised. As of 31 December 2020, there were no outstanding and unexercised Series A Warrants and 594'876 outstanding and unexercised Series B Warrants.

Yorkville Warrant Agreement

On 14 February 2020, Leclanché 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 by the exercise price). Upon exercise of a warrant and payment of the then-current exercise price to Leclanché, Yorkville is entitled to receive 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.

In 2020, the Company has issued three series of warrants to Yorkville alongside the tranches drawn under the Yorkville Facility Agreement representing 931’141 Warrants.

3. Loans

A. Convertible loans

Facility A/B/C/D (“**SEFAM 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**"), maturing 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) were 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).

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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 were drawn down before 30 June 2016. On 4 August 2016, 30% of the ACE Facility C was 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) was 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 SEFAM 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, SEFAM 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, SEFAM 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, SEFAM 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 SEFAM has been made convertible through an amendment signed on 4 December 2018.

On 15 February 2018, a Funding Agreement has been entered into by and between SEFAM 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, SEFAM 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, SEFAM became the lender of the Company under the Facilities B/C/D1/D2 as amended from time to time (collectively "**SEFAM Convertible Loan**").

On 4 December 2018, an Amendment Agreement was signed between SEFAM and the Company. The Parties agreed that the conversion price shall be CHF 1.50 per share. SEFAM 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 2018**") as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-

Conversion. kCHF 54’692 were converted into equity with effect as of 12 December 2018, including Facility D1 for kCHF5’092 and Facility D2 for kCHF 6’000.

On 9 May 2019, the shareholders approved at AGM 2019 as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. kCHF 35’962 were converted into equity with effect as of 10 May 2019, including the totality of the remaining Facility B for kCHF 2’072 and the totality of the remaining Facility C for kCHF 11’790.

As of 31 December 2020, interests 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 SEFAM signed a Funding Agreement ("**Funding Agreement**"). Amongst others, SEFAM agreed to provide to Leclanché with a kCHF 40’500 convertible loan (the "**CL**"), payable in seven instalments.

On 19 February 2018, SEFAM and the Company 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 was decreased to kCHF 4’500 after the kCHF 36’000 conversion of the CL and CL extension of 12 December 2018.

On 27 April 2018, SEFAM 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.

On 11 December 2018, the shareholders approved at the Extraordinary General Meeting (“**EGM 2018**”) as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. kCHF 54’692 were converted into equity with effect as of 12 December 2018, including the CL and CL Extension for kCHF 36’000.

On 9 May 2019, the shareholders approved at the AGM 2019 as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. kCHF 35’962 were converted into equity on 10 May 2019, including the totality of the remaining CL and CL extension for kCHF 22’100. In 2019 kCHF 6’500 were drawn down under the CL and CL extension.

As of 31 December 2020, kCHF 72 of interest remain outstanding under the CL and CL extension and kCHF 58’100 were drawn down out of the expected kCHF 60’500.

Right of first refusal loan (“**SEFAM ROFO Agreement**”)

On 16 March 2018, Leclanché SA and SEFAM signed a certain financing agreement not included in the aforementioned Funding Agreement, which grants SEFAM a right of first refusal facility of up to kCHF 50’000 (the "**SEFAM ROFO Loan**") seeking to provide the Company with the funds required to finance Merger and Acquisition (M&A), joint venture projects and performance bonds.

On 11 December 2018, as part of a financial restructuring plan, the shareholders approved at the Extraordinary General Meeting (“**EGM 2018**”) the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. Effective 12 December 2018, kCHF 54’692 were converted into equity, including the ROFO for kCHF 7’600.

In 2019, kCHF 5’500 were drawn down and as of 31 December 2019 kCHF 9’890 remain outstanding under the SEFAM ROFO Agreement (principal and interests).

On 8 January 2020, KCHF 2’000 were drawn down under the SEFAM ROFO Agreement. On 16 September 2020, the remaining amount of kCHF 11’500 under the ROFO was fully converted into equity and as of 31 December 2020, only interests for kCHF 630 remain outstanding under the ROFO.

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<u>2019 Working Capital Line (“**2019 WCL**”)</u>

On 26 March 2019, Leclanché SA and Golden Partner related parties (“**GP related parties**”) 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 Working Capital Line**"), with a 31 December 2021 maturity. On 3 April 2019, a Request for Binding Commitment was signed by the parties confirming that the 2019 Working Capital Line (“**2019 WCL**”) carries a coupon of 8% per annum. On 9 April 2019, an Addendum to Request for Binding Commitment was signed by the parties stating that under a Third-Party Agreement a third-party investor (including SEFAM but not the GP related parties) has the option to convert the portion of the 2019 Working Capital Line 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 was signed between the Company and SEFAM.

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 was converted for an amount of kCHF 17’400.

As of 31 December 2019, the Company has fully drawn down the 2019 WCL under the 2019 Facilitation Agreement for kCHF 35’000 and kCHF 18’225 remain outstanding (principal and interests).

On 16 September 2020, the totality of the principal (kCHF 17’600) was converted into equity. As of 31 December 2020, interests for kCHF 1’146 remain outstanding under the 2019 WCL.

<u>2020 Working Capital Line (“**2020 WCL**”)</u>

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, GP agreed to advise SEFAM 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.

As of 31 December 2019, the Company has drawn down kCHF 3’852 under the 2020 Facilitation Agreement.

At the end of June 2020, the Company has fully drawn down the 2020 WCL under the 2020 Facilitation Agreement for kCHF 25’000. On 16 September 2020, kCHF 21’828 were converted into equity under the 2020 WCL.

As of 31 December 2020, principal for kCHF 3’172 and interests for kCHF 1’028 remain outstanding under the 2020 WCL.

<u>Securities</u>

All SEFAM convertible loans above and SEFAM loans presented below in section “C. Other loans” 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 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 was settled in cash during the first semester 2020. As of 31 December 2020, there is no amount outstanding under ACE-EE, ACE-LECN and JADE convertible loans.

Yorkville convertible loan

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**")

In 2020, the Company has drawn down a total of kCHF 4’617 in three tranches. The three drawdowns have been fully converted into shares during the 2020 fiscal year. As of 31 December 2020, there is no outstanding amount under the Yorkville convertible loan.

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 were 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 SEFAM, 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 SEFAM, 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 2020, there was no MCN outstanding.

C. Other loans

SEFAM loans

On 30 March 2017, a bridge loan of kCHF 2'704 (kEUR 2'500) was granted by SEFAM ("**EUR Bridge Loan Agreement**"). 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 was entered into by and between SEFAM 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. In 2017, the parties also agreed to capitalize the past due interests, thus increasing the loan to an amount of kCHF 2'807. On 28 February 2020, a Letter Agreement was signed between Leclanché and AM Investment to extend the maturity of the loan to 31 December 2021. As of 31 December 2020, principal of kCHF 2'807 and interests of kCHF 211 remain outstanding under the EUR Bridge Loan Agreement.

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 ("**CHF 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 was transferred from Golden Partner International SA SPF to AM INVESTMENT SCA, SICAV-SIF - Illiquid Assets Sub-Fund, with unchanged terms. On 28 February 2020, a Letter Agreement has been signed between Leclanché and AM Investment to extend the maturity to 31 December 2021. As of 31 December 2020, principal for kCHF 3'000 and interests for kCHF 173 remain outstanding under the CHF 3 million Bridge Loan.

On 23 April 2019, a bridge loan in the amount of kCHF 1'270 was granted by SEFAM to the Company ("**CHF 1.270 million Bridge Loan**"), bearing interest of 10% per annum. On 28 February 2020, a Letter Agreement was signed between Leclanché and AM Investment to extend the maturity of this loan to 31 December 2021. As of 31 December 2020, principal of kCHF 1'270 and interests of kCHF 155 remain outstanding under the CHF 1.270 million Bridge Loan.

On 4 September 2020, a bridge loan in the amount of kCHF 34'000 was granted by SEFAM to the Company ("**e-Transport Bridge Loan**"), bearing interest of 9 to 12% per annum. As of 31 December 2020, the Company has drawn down kCHF 20'000 under the e-Transport Bridge Loan Agreement and kCHF 346 of interests remain outstanding at this date.

Eneris loan

On 21 May 2020, the Company and Eneris have, amongst other, entered into a Euro denominated loan agreement ("**Eneris LA**"), under which Eneris committed to provide Leclanché with working capital financing of up to kCHF 42'652, subject to fulfilment of certain conditions. The Eneris LA aimed at funding the Company's 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 by the parties at a later stage. The Eneris Loan has a maturity date of 31 December 2024 and bears interest at Euro-libor 3 months + 5% per annum. The Eneris loan will be secured, thus benefiting from the security package of the same rank (pari passu) as that granted to secure certain debts to SEFAM.. 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.

As of 31 December 2020, principal of kCHF 5'411 and interests of kCHF 145 remain outstanding under the Eneris LA.

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Covid-19 loans

As part of the financing support provided by the Swiss Confederation to mitigate the effects of the Covid-19 pandemic, the Company 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.

Additionally, on 11 June 2020, the Company signed a loan agreement with Banque Cantonale Vaudoise (BCV) for an amount of kCHF 4,400. 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 was granted a loan (Paycheck Protection Program Promissory Note) on 30 April 2020 for a total amount of kCHF 425. The interest rate is 1% with a maturity of two years from the disbursement date. At the end of December 2020, a US law (the Covid-related Tax Relief Act of 2020) was passed confirming the forgiveness of this loan. As a result, there is no amount remaining under this loan as of 31 December 2020.

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	2021
Tianyi Fan	Chinese	Non-executive member	2017	2021
Toi Wai David Suen	Chinese	Non-executive member	2018	2021
Axel Joachim Maschka	German	Non-executive member	2018	2021
Benedict Fontanet	Swiss	Non-executive member	2019	2021
Christophe Manset	Belgium	Non-executive member	2020	2021
Lluís M. Fargas Mas	Swiss/Spanish	Non-executive member	2019	2021

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, today High Tesla Technologies

SA in Lussy-sur-Morges. 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).

Tianyi Fan, Chinese, born in 1988. Mr. Fan was Director of the Industry Department within the Golden Partner Group advising the SEFAM 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.

Toi 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. Maschka joined Valeo as Senior Vice President, Sales & Business Development and Member of the Executive Board leading the Global Sales teams and Business Development. After two years engagement in his start up AMA-Group with focus on electric buses, he joined in December 2020 the Hyundai MOBIS Executive Team as head of the Global OE Division in charge of the non-captive business.

Bénédict Fontanet, Swiss, born in 1960. He holds a law degree from the University of Geneva and was admitted to the bar in 1986. Mr. Fontanet founded his own law firm, Fontanet Associés, alongside Mr. Guy Fontanet in 1986. He is an advisor to entrepreneurs, Swiss and international companies and groups and his practice is primarily focused on the financial, banking and commercial sectors. His expertise ranges from mergers and acquisitions to transmissions of businesses to real estate operations. Mr. Fontanet is a board member of companies active in the fields of finance, real estate, luxury goods and hospitality (Golden Partner SA, Landolt & Cie SA, the Red Sea Foundation…). Alongside his professional activity, he has been involved in politics for over 15 years. He has served as president of the Christian Democrat Party of Geneva and was member of the Grand Conseil de Genève, the Geneva State Parliament. Mr. Fontanet is a member of the Geneva Bar Association, the Swiss Bar Association, the Swiss Lawyers Society and the Geneva Business Law Association.

Dr. Lluís M. Fargas Mas, Swiss and Spanish, born in 1966. In 2010, Dr. Fargas earned his Ph.D. in Finance and Tax Law from Universitat Rovira I Virgili (Spain) graduating summa cum laude. He holds a Masters of Laws (LLM) from the Instituto de Empresa (Madrid) and a Law degree from the University of Barcelona.
Dr. Fargas has spent most of his professional career at Alcoa Inc, a global industry leader in bauxite mining, alumina refining and aluminum smelting, with a strong portfolio of value-added aerospace cast and rolled products and

substantial energy assets. Alcoa, a corporation with over 60.000+ employees, USD 24 billion annual revenues and presence in more than 30 countries up to its separation in two stand-alone companies. In May 2020, Arconic Inc. (formerly Alcoa Inc.) split to create Howmet Aerospace Inc. Dr. Fargas latest position was VP Finance and Tax for Europe and Asia. During his career he has been leading the Corporate Development and Controlling groups in Europe, being responsible of all acquisitions, divestitures and joint ventures in the Region. Prior to Alcoa, Dr. Fargas spent five years at Coopers & Lybrand (today PriceWaterhouseCoopers (PwC)).
In addition to his function, Dr. Fargas is a Visiting Professor at the University of Lausanne – UNIL (Switzerland). He also frequently provides lectures at international seminars and workshops. Dr. Lluís M. Fargas joined the Leclanché Board in May 2019.

Christophe Manset, Belgian, born in 1985, has over 10 years of experience in the asset management industry in Luxembourg. He is an associate at LEVeL with focus on Alternative Investment Funds regulated by the Luxembourg supervisory authority. He has a particular expertise in the fields of compliance, risk management, audit, corporate governance and internal organization. He started his career at EY in 2009 as audit manager in charge of the preparation and conduct of audit missions with a particular focus on complex and specialized issues. In 2016, Mr. Manset joined NN Investment Partners Luxembourg S.A. (NN), a supervised Alternative Investment Fund Manager. At NN, he was responsible for projects impacting the NN Luxembourg funds range and particularly the launch of new investment vehicles. Mr. Manset holds a Master Degree in Economics from HEC – University of Liège. Mr. Manset joined the Leclanché Board on the 30th of June 2020.

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. Their biography is available in the Corporate Governance section of the 2017 Annual Report (https://www.leclanche.com/wp-content/uploads/2020/06/annual_report_2017_.pdf)

At the extraordinary shareholder's meeting of 11 December 2018, Jim Atack, Chairman, resigned and stepped down from the Board of Directors. His biography is available in the Corporate Governance section of the 2017 Annual Report (https://www.leclanche.com/wp-content/uploads/2020/06/annual_report_2017_.pdf)

At the shareholder's meeting of 30 June 2020, David Anthony Ishag resigned and stepped down from the Board of Directors. His biography is available in the Corporate Governance section of the 2019 Annual Report (https://www.leclanche.com/wp-content/uploads/2020/11/2019_Consolidated-Annual-Report_Leclanche_vf.pdf)

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 2020, due to the restrictions imposed by the Covid-19 pandemic, the Board of Directors held one physical meeting and twenty-eight 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. Lluís M. Fargas Mas (chairman) Toi Wai 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 2020, the Appointments and Remuneration Committee held one telephone meeting.

The **Audit and Risk Management Committee** currently consists of MM. Axel Joachim Maschka (chairman), Lluís M. Fargas Mas 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 suggest to the full Board of Directors proposals for the general meeting of shareholders regarding the appointment and removal of the Company's auditors. In 2020, the Audit and Risk Management Committee held two meetings through telephone conferences.

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 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 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 of 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 Internal Audit 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 was performed in May 2016 and subsequently updated in October 2017, October 2018, October 2019 and October 2020. 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 formal internal audit department.

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	2014
Hubert Angleys	French	Chief Financial Officer	2016
Pierre Blanc	Swiss	Chief Technology and Industrial Officer	2006
Fabrizio Marzolini	Swiss and Italian	Executive Vice President Speciality Battery Systems BU	2013
Karl Bohman	Swedish	Executive Vice President Stationary Solutions BU	2020
Philip Broad	British	Executive Vice President e-Transport Solutions BU	2019

Anil Srivastava, French, born in 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 in 1958, was 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 in 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 and Italian, born in 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).

Karl Bohman, Swedish, born in 1974 , joined Leclanché in July 2020. He has over 20 years of experience from various entrepreneurial roles in tech start-ups and corporate ventures, both private and public companies. Having worked and lived both in the US and Asia, he brings broad international sales and business development experience. Mr Bohman has been involved in building several different technology start-ups, of which one was sold to General Electric and one did an IPO. In 2018, he was awarded Bloomberg's New Energy Pioneer, and in 2010 he won IBM's "SmartCamp" award for global entrepreneurs. Mr Bohman holds a Master of Science degree in Industrial Engineering & Management from Linköping University of Technology in Sweden and the Swiss Federal Institute of Technology in Lausanne (EPFL), as well as leadership training from Stanford's Graduate School of Business.

Philip Broad, British, born in 1971, joined Leclanché in 2018 and was appointed Executive Vice President of e-Transport Solutions in March 2019. His previous position at Leclanché was Vice President of Commercial Vehicle leading Application Engineering, Programme Management & Sales. Mr. Broad has over 20 years of experience in the commercial vehicle business in both the on and off highway industry. He has a proven track record of winning large global profitable contracts in the commercial vehicle market and has successfully worked with global brands such as Caterpillar / Perkins, Volvo, Scania, MAN and JCB. Mr. Broad has lived and worked in Europe for the last 15 years for Honeywell Turbo Technologies Sarl in Switzerland, where he held various positions in Programme Management, Sales Management and Business Leadership positions in the turbocharger industry. Mr. Broad holds a B. Eng (Hons) in Systems Engineering from the University of Huddersfield in the UK.

Former members of the of the Executive Committee
Bryan Urban has stepped down from the Executive Committee with the arrival of Karl Bohman. His biography is available in the Corporate Governance section of the 2019 Annual Report (https://www.leclanche.com/wp-content/uploads/2020/11/2019_Consolidated-Annual-Report_Leclanche_vf.pdf)

Management contracts
As of 31 December 2020, there are no Management contracts between the Company and third parties.

External Mandates
According to Article 23decies 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 27.

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 to 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 on the agenda, with the exception of proposals 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 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 of shareholders and exercise their voting rights. For organisational reasons, the Board of Directors determined that no new registrations will be made in the share register during a period of up to two weeks before a general meeting of shareholders. 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 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 general meeting of shareholders 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 general meeting of shareholders 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 was back to 49%.

On 9 October 2018, following the agreement in principle between the Company and SEFAM and in view of the envisaged Debt-to-Equity-Conversion which would result in a SEFAM shareholding of approx. 64.3%, SEFAM has filed an application with the Swiss Takeover Board ("**STOB**") for exemption from the requirement to make a public takeover offer upon SEFAM 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**") and the employee stock option plan approved by the Board of Directors on 27 August 2019 ("**2019 CSO Plan**") which provided that in the event of a change of control, the Appointments and Remuneration Committee 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 SEFAM 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 are PricewaterhouseCoopers SA, Avenue Charles-Ferdinand Ramuz 45, CH-1001 Lausanne, since 2008. At the Annual General Meeting of 30 June 2020, the shareholders appointed PricewaterhouseCoopers SA, in Lausanne, as the statutory auditor for the financial year 2020. Ms. 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 2020, the fees of the PricewaterhouseCoopers Group for the audit of the consolidated and statutory financial statements of the Leclanché Group amounted to kCHF 413 and to kCHF 96 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 on 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 https://www.leclanche.com/investor-relations/#register-updates.

Leclanché
Energy Storage Solutions

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

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Leclanché Group

Compensation Report 2020

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 components of remuneration take into account the Group's sustainable business development in the short and long term. With the objective of attracting and retaining highly qualified executives and professionals, the remuneration system is focused on offering a competitive remuneration package with a fixed and a variable component. The remuneration system is reviewed periodically 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 Management Committee are entitled to an additional annual fee.

1.3.2. Members of the Executive Committee

The compensation of 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, experience and skills of the employee, as well as 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 was paid in cash in the first quarter of 2018. The 2017 cash bonus was paid in the fourth quarter of 2018. The 2018, 2019 and 2020 bonuses have not yet been paid at the date of this report. The amount of bonus actually paid is determined by taking into account Company and individual objectives and may vary according to a matrix ranging from 0% to 120% 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 eligible 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 CSO 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 of 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

With regard to the Board of Directors and Executive Committee compensation, a revised version of the Articles of Association, taking into account the Ordinance Against Excessive Compensation in Listed Companies (OAEC, VegüV), was submitted to the 2015 General Meeting of Shareholders and was approved.

1.5. Compensation in fiscal year 2020

This section of the compensation report provides information on the compensation offered by the Company in the fiscal year 2020 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 2020, the members of the Board of Directors received an aggregate total cash compensation of kCHF 430 (prior year: kCHF 392). The total cost to the Company including pension, insurance and perquisites amounted to kCHF 440 (prior year: kCHF 404).

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

Total compensation 2020

Name	Position	Base cash compensation (kCHF)	Consulting fee (kCHF)	Options (kCHF)	Social charges (kCHF)	Total (kCHF)
Stefan Müller	Chairman	100	-	-	5	105
David Ishag (1)	Member	25			2	27
Tianyi Fan	Member (and member of Audit & Risk Committee)	58	-	-	-	58
Axel Joachim Maschka	Member (and Chairman of Audit & Risk Committee)	65	-	-	-	65
Toy Wai David Suen	Member	50	-	-	-	50
Benedict Fontanet	Member	50	-	-	-	50
Lluís M. Fargas Mas	Member (and member of Audit & Risk Committee)	58	-	-	4	61
Christophe Manset (2)	Member	25	-	-	-	25
TOTAL		**430**	**-**	**-**	**10**	**440**
Of which amount due at year-end						**81**

(1) Stepped down from the Board of Directors on 30 June 2020
(2) New Board member since 30 June 2020

Total compensation 2019

Name	Position	Base cash compensation (kCHF)	Consulting fee (kCHF)	Options (kCHF)	Social charges (kCHF)	Total (kCHF)
Stefan Müller (1)	Chairman / Member (and chairman of Audit & Risk	106	-	-	6	112
David Ishag	Member	50			3	53
Tianyi Fan	Member (and member of Audit & Risk Committee)	58	-	-	-	58
Axel Joachim Maschka (2)	Member (and chairman of Audit & Risk Committee)	58	-	-	-	58
Toy Wai David Suen	Member	50	-	-	-	50
Benedict Fontanet (3)	Member	33	-	-	-	33
Lluís M. Fargas Mas (3)	Member (and member of Audit & Risk Committee)	38	-	-	3	41
TOTAL		**392**	**-**	**-**	**12**	**404**
Of which amount due at year-end						**56**

(1) Stepped down from Chairman of the Audit and Risk Management Committee on 9 May 2019
(2) New Chairman of the Audit and Risk Management Committee since 9 May 2019
(3) New Board member since 9 May 2019
(4) New Board member and member of the Audit and Risk Management Committee since 9 May 2019

1.5.2. Executive Committee

In the fiscal year 2020 the aggregate overall cash compensation of the Executive Committee amounted to kCHF 1’773 (prior year kCHF 1’749). This amount includes the compensation paid to the Executive Committee members during their respective executive functions. 2018, 2019 and 2020 bonuses have not yet been paid at the date of this report. The total cost to the Company including capped stock option grants, pension, insurance and perquisites amounted to kCHF 2’450 (2019: kCHF 2’675).

The highest total compensation in the Group in fiscal year 2020 was earned by Mr. Anil Srivastava, CEO of the Company. His total cash compensation in fiscal year 2020, consisting of a fixed annual base salary amounted to kCHF 521 (2019: kCHF 520). The total cost to the Company including capped stock option grants, pension, insurance and perquisites amounted to kCHF 758 (2019: kCHF 848).

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 2020

All amounts in kCHF	Base Salary	Bonus 2019	Bonus 2020	**Total Cash Compensation**	Options	Social charges	**Total Compensation**
Global compensation	1'773	0	0	**1'773**	382	296	**2'450**
of which highest compensation to Anil Srivastava (CEO)	521	0	0	**521**	145	91	**758**

Total Executive Committee compensation 2019

All amounts in kCHF	Base Salary	Bonus 2018	Bonus 2019	**Total Cash Compensation**	Options	Social charges	**Total Compensation**
Global compensation	1'731	18	0	**1'749**	599	327	**2'675**
of which highest compensation to Anil Srivastava (CEO)	520	0	0	**520**	218	110	**848**

1.5.3. Service benefits and benefits in kind

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.

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 of Directors 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 2.7 of the 2020 statutory financial statement.

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

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 2020" of the compensation report (pages 27 to 32) of LECLANCHE SA for the year ended 31 December 2020.

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 remuneration system and defining individual remuneration 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 remuneration, 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.

Opinion

In our opinion, the compensation report of LECLANCHE SA for the year ended 31 December 2020 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, 8 June 2021

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Leclanché Group

Consolidated financial statements 2020

Leclanché
Energy Storage Solutions

Consolidated income statement for the year ended December 31, 2020

	Notes	31.12.2020	31.12.2019
		kCHF	kCHF
Revenue from contracts with customers	3 / 4.1	21'635	15'994
Other income	4.2	2'220	319
Total income		**23'854**	**16'314**
Raw materials and consumables used		-36'100	-31'783
Personnel costs	4.4	-32'174	-26'579
Other operating expenses	4.3	-16'542	-16'256
Net impairment losses on financial and contract assets	10,12	-1'194	-9'601
Depreciation, amortisation and impairment expenses	7,8,9	-7'403	-7'383
Operating Loss		**-69'559**	**-75'287**
Finance costs	4.5	-8'678	-7'557
Finance income	4.6	440	332
Share of net loss of associates accounted for using the equity method	10	-517	-540
Loss before tax for the period		**-78'314**	**-83'052**
Income tax	5	89	-306
Loss for the period of the Group		**-78'225**	**-83'357**
Earnings per share (CHF)			
- basic	6	-0.42	-0.61
- diluted	6	-0.42	-0.61

Consolidated statement of comprehensive loss for the year ended December 31, 2020

		31.12.2020	31.12.2019
		kCHF	kCHF
Loss for the period		-78'225	-83'357
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	15	5'042	-1'805
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		-132	-397
Other comprehensive income/(loss) for the period		4'910	-2'202
Total comprehensive loss for the period		-73'315	-85'559

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

Leclanché
Energy Storage Solutions

Consolidated balance sheet as of December 31, 2020

	Notes	31.12.2020	31.12.2019
		kCHF	kCHF
ASSETS			
Non-current assets			
Property, plant and equipment	7	17'722	15'469
Right-of-use assets	8	7'634	5'010
Intangible assets	9	5'377	5'031
Financial assets	10	4'031	4'758
Trade and other receivables	12	3'334	267
Investments accounted for using the equity method	10	3'636	2'190
TOTAL NON-CURRENT ASSETS		41'734	32'725
Current assets			
Inventories	11	14'269	19'760
Trade and other receivables	12	7'799	8'910
Advance to suppliers	12	3'908	6'965
Contract assets	4.1	3'752	3'201
Cash and cash equivalents	19	1'772	1'529
TOTAL CURRENT ASSETS		31'501	40'365
TOTAL ASSETS		73'234	73'090
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	13	26'007	15'382
Share premium		55'458	16'587
Reserve for share-based payment	14	2'329	3'316
Other reserves		4'975	4'975
Translation reserve		-4'456	-4'343
Equity component of warrants and convertible loans	17	894	640
Remeasurements of post-employment benefit obligations	15	-12'842	-17'884
Accumulated losses		-93'884	-31'398
TOTAL EQUITY		-21'518	-12'725
Non-current liabilities			
Provisions	16	819	-
Defined benefit pension liability	15	6'185	10'492
Convertible Loans	17A	-0	20'615
Loans	18	9'057	125
Lease liabilities	8	5'840	3'163
Deferred tax liability	5	-	394
TOTAL NON-CURRENT LIABILITIES		21'900	34'788
Current liabilities			
Provisions	16	7'710	5'876
Convertible Loans	17A	3'164	10'388
Loans	18	27'177	7'083
Lease liabilities	8	1'950	1'871
Trade and other payables	20	23'369	24'208
Contract liabilities	4.1	9'482	1'601
TOTAL CURRENT LIABILITIES		72'851	51'027
TOTAL LIABILITIES		94'752	85'815
TOTAL EQUITY AND LIABILITIES		73'234	73'090

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, 2020

	Notes	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
		Attributable to equity holders of the parent								
		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		-	-	-	-	-	-	-	-83'357	-83'357
Other comprehensive income:										
Remeasurements of post employment benefit obligations	15	-	-	-	-	-	-	-1'805	-	-1'805
Currency translation differences		-	-	-	-	-	-397	-	-	-397
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-397**	**-1'805**	**-83'357**	**-85'559**
Reserve for share-based payment	14	-	-	829	-	-	-	-	-	829
Other adjustment		-	-	-	-	-	-68	-	68	-
Capital increase by loan conversion - 10.05.2019	13/17C	35'297	187	-	-	-264	-	-	1'197	36'417
Decrease in nominal value from CHF 1.50 to CHF 0.10 (EGM 24.10.2019)	13/17C	-196'945	-	-	-	-	-	-	196'945	-
Capital increase by loan conversion - 25.10.2019	13/17C	1'314	16'087	-	-	-	-	-	-121	17'280
Equity component of convertible loans	13/17A	-	-	-	-	-220	-	-	174	-47
Balance at 31 December 2019		**15'382**	**16'587**	**3'316**	**4'975**	**640**	**-4'343**	**-17'884**	**-31'398**	**-12'725**
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		-	-	-	-	-	-	-	-78'225	-78'225
Other comprehensive income:										
Remeasurements of post employment benefit obligations	15	-	-	-	-	-	-	5'042	-	5'042
Currency translation differences		-	-	-	-	-	-132	-	-	-132
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-132**	**5'042**	**-78'225**	**-73'315**
Cancellation of share premium and other reserves against accumulated losses		-	-16'293	-	-	-	-	-	16'293	-
Reserve for share-based payment	14	-	-	-987	-	-	-	-	1'534	547
Other adjustment		-	-	-	-	-	19	-	-19	-
Capital increase by loan conversion Yorkville	13/17A	894	3'889	-	-	-	-	-	-173	4'609
Equity component of warrants	13/17C	-	-	-	-	254	-	-	-	254
Capital increase by loan conversion - 16.09.2020	13/17A	7'728	42'562	-	-	-	-	-	-1'895	48'395
Capital increase by debt conversion - 16.09.2020	13/17A	2'004	8'713	-	-	-	-	-	-	10'717
Balance at 31 December 2020		**26'007**	**55'458**	**2'329**	**4'975**	**894**	**-4'456**	**-12'842**	**-93'884**	**-21'518**

(1) Transaction costs are accounted for as a deduction of Share premium in 2020 for 687 KCHF (2019: 477 KCHF)

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

Consolidated statement of cash flows for the year ended December 31, 2020

	Notes	31.12.2020	31.12.2019
		kCHF	kCHF
Operating activities			
Loss for the period of the Group		-78'225	-83'357
Non cash adjustments:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	7,8	5'996	4'021
Amortisation and impairment of intangible assets	9	1'394	3'341
Net impairment losses on financial and contract assets	10,12	1'194	9'601
Result on scrapping of fixed assets	7,9	60	188
Non-realised foreign exchange differences		404	145
Non-cash employee benefit expenses - share based payment	14	547	829
Non-cash employee benefit expenses - pension	15	735	-2'376
Adjustment on associates		517	540
Finance costs	4.5, 4.6	8'238	7'224
Working capital adjustments:			
(In)/Decrease in trade and other receivables		-2'563	-71
(In)/Decrease in contract assets		-551	9'648
(In)/Decrease in advances to suppliers		3'057	-3'648
(In)/Decrease in inventories		5'491	131
In/(Decrease) in contract liabilities		7'881	-991
In/(Decrease) in trade and other payables		-711	5'055
In/(Decrease) in provisions	16	2'654	4'499
Income taxes paid		-150	-422
Interest paid		-1'333	-1'806
Net cash used in operating activities		**-45'367**	**-47'451**
Investing activities			
Payment for property, plant and equipment		-5'845	-6'008
Investment in financial assets		-190	93
Investment in associates	10	-1'964	-1'988
Payment for intangible assets		-1'784	-1'378
Interest received on financial assets		-	63
Net cash used in investing activities		**-9'782**	**-9'217**
Financing activities			
Proceeds from convertible loans		27'765	50'852
Transaction costs on conversion of loan into capital		-687	-477
Proceeds from non convertible loans		30'663	1'270
Principal elements of lease payments		-1'735	-1'812
Repayment of loans		-643	-125
Net cash from financing activities		**55'363**	**49'709**
Increase / (Decrease) in cash and cash equivalent		**214**	**-6'959**
Cash and cash equivalent at 1 January		1'529	8'438
Cash and cash equivalent at 31 December		1'772	1'529
Effect of exchange rate changes		-30	-50
Variation		**214**	**-6'959**

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

Leclanché
Energy Storage Solutions

Notes to the consolidated financial statements 2020

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 (LOC)	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%
Leclanché France SASU (2)	Versailles	France	EUR	2'500	100%
Leclanché Norway AS (3)	Oslo	Norway	NOK	30'000	100%
Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge (4)	Ahmedabad, Gujarat	India	INR	1'285'940'340	19.85%
Solec Power Ltd (5)	Basseterre	Saint Kitts and Nevis	USD	100	50%

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

(2) Leclanché France SASU was incorporated on 26 June 2020 and is fully owned by Leclanché SA

(3) Leclanché Norway AS was incorporated on 15 June 2020 and is fully owned by Leclanché SA

(4) Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge was incorporated on 29 September 2018. The ownership interest of Leclanché SA was 19.85% as of 31 December 2020.

(5) Solec Power Ltd was incorporated on 29 March 2019. The interest ownership of Leclanché is 50% at the end of 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.

The Group consolidated financial statements have been authorised for issue by the Board of Directors on 8 June 2021, but they are subject to approval by the general meeting of shareholders.

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. 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 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 consolidated 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. Based on Management's assessment, the relevant standards and amendments identified by the Group to date are disclosed in the Annual Financial Statement for the year ended 31 December 2020.

(C) Consolidation

The annual closing date of the individual financial statements of all Group companies is 31 December.

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 "Translation reserve".

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.

(F) 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.

(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
Machinery, installations and tools	3 - 10
Furniture and computers	2 – 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.

(K) Financial assets

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

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. 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.

(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.

(M) Trade, other receivables and contract assets

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 contract asset is the entity’s right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity’s right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as trade receivables.

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.

Non-current trade receivables represent balances expected to be recovered after 12 months.

(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.

Where loans are made available through Covid-19 relief packages with interest rates below market, the Group recognizes a portion of the proceeds as a government grant. The grants are initially deferred and recognized in earnings on a systematic basis over the term of the loan as 'Other income'.

(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) Leases

The Group leases various offices, warehouses and cars. Rental contracts are typically made for fixed periods of one to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment with similar terms and conditions. IAS1(117) IFRS16(24)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs. IFRS16(60)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise IT equipment and low value office furniture items.
Extension and termination options are included in a number of property leases throughout the Group. These extension and terminations options being exercisable by the lessor and the lessee.

(U) 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 of existing convertible debts and debts into equity in the respective amount of kCHF 50’928 and kCHF 10’717 through an ordinary capital increase on 16 September 2020, Leclanché’s debt towards SEFAM has been reduced to kCHF 30’248 as of end of December 2020, thus significantly improving the Group’s balance sheet. Additionally, on 29 March 2021, SEFAM has converted a further kCHF 33’783 of its debt into equity.

On 24 March 2021, the Group signed a Facilitation Agreement with Golden Partner, advisor to SEFAM. Under this agreement, amongst other, SEFAM agreed to provide Leclanché in 2021 with an aggregate financing of around kCHF 57’600 in the form of several loan facilities and to convert up to a minimum of kCHF 30’000 of these loans into equity. As of 31 May 2021, the Group has drawn down kCHF 24’566 out of the kCHF 57’600 committed.

On 20 May 2021, AM Investment S.C.A. SICAV - FIS - R&D Sub-Fund granted a financing of kCHF 11’721 to Leclanché, under a construction loan agreement signed on the same day to finance the construction of the St Kitts and Nevis Stationary project. The kCHF 11’721 is included in the kCHF 57’600 committed amount mentioned above and in the kCHF 24’566 drawn down as of 31 May 2021. The use of the construction loan is subject to approval from the Lender representatives. On 4 June 2021, the Group received confirmation that kCHF 5’000 out of kCHF 11’721 have been made available to Leclanché, against a pledge of assets related to the St Kitts project. The use of kCHF 6’721 has not been approved at the date of issuance of the annual report.

In addition, out of the kCHF 34’000 of the e-Transport Bridge Loan (Note 18), kCHF 14’000 remained available as of 31 December 2020 to finance the Group. As of 31 May 2021, the Group has drawn down the totality of the remaining amount.

Although Leclanché’s 2020 performance confirms that the Group is still in a ramp-up mode typical of a high growth scale-up Group, the technology leadership, industrial capacity ramp-up and commercial developments are endorsing the strategic decisions that have been made by the Board of Directors since 2016. Leclanché is now poised to become a major player in the electrification of the mass transportation market propelled by a robust order book and a committed pipeline of projects due for delivery between 2021 to 2024. The Group has received interest from new strategic investors over the past six months in the fast growing e-Transport and energy storage system markets.

The Group is evaluating different funding options and is currently in active discussions with various investors, with an objective to raise significant additional funds in the coming months. This funding seeks to support Leclanché’s Growth Plan and is essential for the continued operations in late 2021 and beyond.

Subject to a successful conclusion of the funding efforts and the continuing availability of sufficient equity, 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 risks 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.

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, one machine under the Stationary business has been impaired as of 31 December 2020 for kCHF 997, and one intangible asset under the e-Transport business unit has been impaired as of 31 December 2020 for kCHF 293. In 2019, a licence linked to module production for the Stationary business unit has been impaired for kCHF 1'152 (refer to Note 9 for more details).

Pension benefits

The present value of the pension obligations (see Note 15) 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 significantly impact 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 2020, the amount of revenue subject to the Input method for measuring progress over time is of kCHF 16'882 (2019: CHF 9'210) (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 17A) 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). 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).

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 2020. Had the Group estimated that all available tax losses could be used, the effect would have been an additional income of kCHF 49’195 as of 31 December 2020 (2019: kCHF 30’556).

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** 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 and rail transportation.
- **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 machineries markets. Specialty Business Unit also sells branded consumer products on selected markets (Distribution).

All costs that cannot be allocated directly to the three Business Units (“**BU**”) above are grouped under Corporate, and are kept under regular review by the Executive Committee.

The information on reportable segments is as follows:

in kCHF	e-Transport Business Unit		Stationary Business Unit		Specialty Business Unit		Corporate Costs		**Total**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Timing of revenue recognition:										
At a point in time	*21*	*37*	*216*	*705*	*4'516*	*6'039*	*-*	*3*	*4'753*	*6'784*
Over time	*13'079*	*2'112*	*3'803*	*7'098*	*-*	*-*	*-*		*16'882*	*9'210*
Revenue from contracts with customers	13'100	2'149	4'019	7'803	4'516	6'039	-	3	21'635	15'994
EBITDA	-37'683	-21'139	-13'267	-25'385	-1'738	-5'615	-8'761	-15'766	-61'450	-67'905
EBIT	-42'104	-23'577	-15'578	-27'823	-2'440	-5'935	-9'438	-17'953	-69'559	-75'287
Segment assets	43'778	33'488	17'128	27'311	2'526	5'106	9'802	7'185	73'234	73'090
Depreciation, amortisation and Impairment	-4'421	-2'438	-2'310	-2'438	-702	-319	-677	-2'187	-8'110	-7'383
Acquisitions of tangible and intangible assets	7'929	4'113	-	2'511	-	525	291	1'320	8'220	8'470

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

Reconciling items	**31.12.2020**	**31.12.2019**
	kCHF	kCHF
EBITDA reportable segment	**-52'689**	**-52'139**
Corporate costs	-8'761	-15'766
Depreciation, amortisation and impairment expenses	-8'110	-7'383
Finance revenue	440	332
Finance costs	-8'678	-7'557
Share of net loss of associates accounted for using the equity method	-517	-540
Income tax	89	-306
Loss for the period	**-78'225**	**-83'357**

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

Revenue	**2020**	**2019**
	kCHF	kCHF
Switzerland	3'645	2'788
Norway	10'974	0
Netherlands	3'563	3'588
Canada	-243	3'103
France	1'086	3'064
United States	620	981
Germany	2'033	362
Others	-43	2'107
	21'635	**15'994**

Non-current assets	**2020**	**2019**
	kCHF	kCHF
Switzerland	10'610	8'765
Germany	12'432	11'620
North America	50	108
UK	7	7
	23'099	**20'501**

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4. REVENUES AND EXPENSES

4.1 REVENUE FROM CONTRACT WITH CUSTOMERS

The Group has the following types of revenues:

Revenue	**31.12.2020**	**31.12.2019**
	kCHF	kCHF
Projects	16'882	9'210
Sales of goods & services	4'753	6'784
	21'635	**15'994**
At a point in time	4'753	6'784
over time	16'882	9'210
	21'635	**15'994**

In 2020, the Group realised 46.2% of its revenue with one customer belonging to e-Transport BU. In 2019, the Group realised 18.4% and 12.3% of its revenue with two customers belonging to Stationary BU.

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

	31.12.2020	**31.12.2019**
	kCHF	kCHF
Contract Revenue	21'635	15'994

The net balance sheet position for ongoing contracts is as follows:

Contract liabilities	-9'482	-1'601
Contract assets	3'752	3'201
	-5'729	**1'601**

Contract assets have increased in 2020 mainly due to the increase in project under construction compared to 31 December 2019.

Contract liabilities have increased by kCHF 7'881 vs. 2019 due to the increased number of contracts under construction.

Revenue recognised in 2020 in relation to contract liabilities as of 1 January 2020 amounts to kCHF 838 (2019: kCHF 140).

4.2 OTHER INCOME

	2020	**2019**
	kCHF	kCHF
Government grants	1'730	-
Other income	490	319
	2'220	**319**

Government grants relate mainly to:

- E-ferry project: 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. The last tranche was received in 2020 in an amount of kCHF 209.
- Leclanché GmbH was granted an amount of kCHF 503 for three research programs.

- The US Covid-loan of kCHF 429 was converted to a grant following the passage of the Covid-related Tax Relief Act of 2020 by the US government. As a result, there is no amount remaining under this loan as of 31 December 2020.
- Covid-19 loans granted in Switzerland with interest below market rate for kCHF 588. See also Note 18.

4.3 OTHER OPERATING EXPENSES

	2020	2019
	kCHF	kCHF
Consulting & IP costs	4'127	3'699
Legal costs	2'911	2'604
Rental and storage costs	331	397
Building utilities	1'190	1'136
Travel costs	1'014	2'280
IT costs	769	631
Manufacturing costs	674	408
Sales & marketing costs	155	67
Transport and packaging	2'146	1'608
Administration costs	578	601
Sundry duties and capital taxes	895	332
Insurances	405	480
Commissions on financing	101	620
Miscellaneous	1'246	1'393
	16'542	**16'256**

4.4 PERSONNEL COSTS

	2020	2019
	kCHF	kCHF
Salaries	26'257	24'966
Social charges	3'463	2'163
Recognised expense for stock option plans	547	829
Pension costs (defined benefit plan)	1'907	-1'379
	32'174	**26'579**

4.5 FINANCE COSTS

	2020	2019
	kCHF	kCHF
Finance costs - convertible loans	3'243	3'819
Finance costs - loans	1'556	394
Finance costs - leasing	48	66
Finance fees	3'022	3'208
Realised and unrealised exchange losses	722	-
Bank charges	88	70
	8'678	**7'557**

4.6 FINANCE INCOME

	2020	2019
	kCHF	kCHF
Interests income	440	322
Realised and unrealised exchange profits	-	11
	440	**332**

4.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenditures recognised as an expense in the year 2020, amount to kCHF 3'752 (2019: kCHF 1'074). The nature of these expenses are material costs and operating expenses.

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.

	2020	2019
	kCHF	kCHF
Current income tax	305	299
(Decrease)/Increase in deferred income tax	-394	6
Income tax expenses/(income)	**-89**	**306**

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 2020 ranged between 13% and 31% (2019: between 13% and 31%). 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:

	2020	2019
	kCHF	kCHF
Loss before income tax	-78'314	-83'052
Tax calculated at tax domestic rates applicable to profits in the respective countries	-9'642	-10'722
Tax effects of:		
- temporary differences and tax losses for which no deferred income tax asset was recognised	10'267	10'137
- expenses not deductible for tax purposes	71	1'205
- income not subject to tax	-90	-
- Utilisation of previously unrecognised tax losses	-652	-315
- Adjustment for current tax of prior periods	-44	-
Total	**-89**	**306**

The weighted average applicable tax rate of the tax rates prevailing in Switzerland, Germany, UK, Canada, USA, France and Norway respectively, was 14.0% (2019: 12.9%).

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

	31.12.2020	31.12.2019
	kCHF	kCHF
Deferred tax liability (long -term)		
Property, plant and equipment	394	394
	394	**394**
Deferred tax assets		
Unused tax losses carried forward	394	-
	394	**-**
Net deferred tax liability	**-**	**394**

Deferred income tax assets were recognised to the extent that the realisation of the related tax benefit through future taxable profits was probable. The Group did not recognize deferred income tax asset of kCHF 49'195, in respect of losses of kCHF 366'046 (2019: kCHF 305'622) that can be carried forward against future taxable income, due to the volatility of the results of the Group companies benefiting from tax losses. The Group has tax losses available in Switzerland until 2027 and Germany (non-perishable) for offset against future taxable profits of the German entity.

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

	31.12.2020	31.12.2019
Maturity Date	kCHF	kCHF
2020	-	23'445
2021	12'118	12'118
2022	41'285	41'285
2023	64'009	64'009
2024	42'433	42'433
2025	44'464	44'464
2026	76'951	76'951
2027	79'138	-
Non perishable tax losses	5'648	916
Total	**366'046**	**305'622**

In 2020, unused tax losses amounting to kCHF 23'445 have expired (2019: kCHF 6'025).

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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.

(B) Diluted

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares issued to assume conversion of all dilutive potential ordinary shares. The existing potential ordinary shares relating to the stock option plan (Note 14), to the warrants (Note 17C) and to the convertible loans (Note 17A), do not affect the diluted loss per share, since they would be anti-dilutive (same as 2019).

	31.12.2020	**31.12.2019**
	kCHF	kCHF
Net loss attributable to ordinary equity holders of the parent	-78'225	-83'357

	31.12.2020	**31.12.2019**
Weighted average number of ordinary shares in issue	188'467'072	136'353'945

	31.12.2020	**31.12.2019**
Earnings per share	CHF	CHF
- basic	-0.42	-0.61
- diluted	-0.42	-0.61

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 01.01.2019	28'341	2'446	41	3'141	33'969
Additions	1'788	1'001	-	2'893	5'682
Scrapping	-7	-204	-	-	-211
Reclassification	-66	66	-	-	-
Transfer	3'187	-	-	-3'187	-
Exchange differences	-829	-41	-	-114	-983
As at 31.12.2019	32'415	3'268	41	2'733	38'456
Accumulated depreciation and impairment:					
As at 01.01.2019	19'874	1'624	41	-	21'539
Depreciation	1'886	275	-	-	2'161
Scrapping	-6	-17	-	-	-24
Reclassification	-64	64	-	-	-
Exchange differences	-658	-32	-	-	-689
As at 31.12.2019	21'032	1'914	41	-	22'987
Net value as at 31.12.2019	**11'382**	**1'354**	**-**	**2'733**	**15'469**
Gross values :					
As at 01.01.2020	32'415	3'268	41	2'733	38'456
Additions	518	291	-	5'627	6'436
Scrapping	-771	-365	-25	-	-1'161
Transfer	2'767	-	-	-2'767	-
Exchange differences	-80	-21	-	-8	-108
As at 31.12.2020	34'849	3'174	16	5'584	43'623
Accumulated depreciation and impairment:					
As at 01.01.2020	21'032	1'914	41	-	22'987
Depreciation	2'679	452	-	-	3'131
Impairment	998	-	-	-	998
Scrapping	-757	-363	-25	-	-1'146
Exchange differences	-54	-14	-0	-	-69
As at 31.12.2020	23'898	1'988	16	-	25'901
Net value as at 31.12.2020	**10'952**	**1'186**	**0**	**5'584**	**17'722**

As of 31 December 2020, under “Machinery, installations and tools”, a machine related to the production of modules for the Stationary BU was impaired for kCHF 998 following the decision to outsource mainly the production of modules for this BU.

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8. LEASES

The balance sheet shows the following amounts relating to leases:

	31.12.2020	31.12.2019
	kCHF	kCHF
Right-of-use assets		
Properties	7'531	4'818
Motor vehicles	103	192
Total right-of-use assets	**7'634**	**5'010**
Lease liabilities		
Current	1'950	1'871
Non-current	5'840	3'163
Total lease liabilities	**7'789**	**5'034**

Additions to the right-of-use assets in the 2020 financial year were kCHF 4'491 (2019: kCHF 437) and correspond to the extension of the lease for the Willstätt plant (Leclanché GmbH) until March 2027.

The statement of profit or loss shows the following amounts relating to leases:

	2020	2019
	kCHF	kCHF
Depreciation charge of right-of-use assets		
Properties	1'777	1'772
Motor vehicles	89	88
Total depreciation charge of right-of-use assets	**1'867**	**1'859**
Interest expense (included in finance cost)	48	66
Expense relating to short-term leases	214	56
Expense relating to leases of low-value assets	21	9

In 2020, the total cash outflow for leases was kCHF 1'789 (2019: kCHF 1'914).

As of 31 December 2020, the commitment on short term leases is kCHF 0 (2019: kCHF 13) which has not been included in the measurement of lease liabilities.

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9. INTANGIBLE ASSETS

	Internally generated projects	Patents and licences	Know-how and Software	Total
	kCHF	kCHF	kCHF	kCHF
Gross value :				
As at 01.01.2019	4'633	10'412	20	15'064
Additions	653	-	2'135	2'788
Scrapping	-	-529	-6	-535
Reclassification	1'555	-1'770	215	-
Exchange differences	-39	-	-8	-46
As at 31.12.2019	6'802	8'113	2'356	**17'271**
Accumulated depreciation and impairment:				
As at 01.01.2019	1'607	7'867	5	9'479
Amortisation	713	1'292	184	2'189
Impairment	-	1'152	-	1'152
Reclassification	1'455	-1'670	215	-
Scrapping	-	-529	-6	-535
Exchange differences	-38	-	-8	-46
As at 31.12.2019	3'737	8'112	390	12'240
Net value as at 31.12.2019	**3'065**	**0**	**1'966**	**5'031**
Gross value :				
As at 01.01.2020	6'802	8'113	2'356	17'271
Additions	1'418	-	366	1'784
Scrapping	-44	-529	-	-573
Exchange differences	-3	-	-0	-3
As at 31.12.2020	8'173	7'584	2'722	**18'478**
Accumulated depreciation and impairment:				
As at 01.01.2020	3'738	8'112	390	12'240
Amortisation	642	-	459	1'101
Impairment	293	-	-	293
Scrapping	-	-529	0	-528
Exchange differences	-3	-	-0	-3
As at 31.12.2020	4'669	7'584	849	13'102
Net value as at 31.12.2020	**3'503**	**0**	**1'873**	**5'377**

As of 31 December 2019, under “Patents and licences”, a licence related to the production of modules for the Stationary BU was impaired for kCHF 1’152 following the decision to outsource mainly the production of modules for this BU. As of 31 December 2020, under “Internally generated projects”, an e-Transport project has been impaired for kCHF 293 in order to focus on more strategic projects.

Internally generated projects

The Group has recognised and capitalised the following major projects:

- Project “A4 cells”, recognised as of 31 December 2007 for kCHF 2’024. Availability for use started in 2011 with a useful life of 6 years. Project is fully amortised as of 31 December 2018.

- Project "e-Transport" recognised as of 31 December 2015 for kCHF 637. Availability for use started in 2016 with a useful life of 5 years. Project is fully amortised as of 31 December 2020.
- Project "Development of Graphite cells", recognised as of 31 December 2015 for kCHF 1'025. Availability for use started in 2015 with a useful life of 5 years. Project is fully amortised as of 31 December 2020.
- Project "Development of new generation of cells 6.2.2" recognised as of 31 December 2018 for kCHF 2'462. Availability for use started in 2019 with a useful life of 5 years.
- Project "Development M3 Module" recognised as of 31 December 2020 for kCHF 871 (2019: kCHF 348). This project is substantially completed as of 31 December 2020. Availability for use will start in 2021 with a useful life of 5 years.
- Project "Functional Safe BMS" recognised as of 31 December 2020 for kCHF 1'156 (2019: kCHF 260). Availability for use will start in 2021 with a useful life of 5 years.

10. FINANCIAL ASSETS

	31.12.2020	31.12.2019
	kCHF	kCHF
Investments	-	484
Restricted cash at bank	2'969	3'867
Other deposits	1'062	407
Total financial assets	**4'031**	**4'758**
investment in associate Nexcharge	3'636	2'190
investments accounted for using the equity method	**3'636**	**2'190**

(a) Financial assets

The investments consist in:

- The participation of 11.51% (2019: 11.51%) of Leclanché SA, for a net amount of kCHF 0 (in 2019: kCHF 0) in the equity of a Special Purpose Vehicle ("**SPV**"), Maple Leaf Storage LP ("**Maple Leaf**"). This structured entity registered in Canada is dedicated to the IESO Ontario Stationary Storage project in Canada. Revenues generated by this SPV amounted to kCHF -99 in 2020 (2019: kCHF 139) (Note 4.1). This investment was fully impaired as of 31 December 2019, resulting in a loss of kCHF 502, in connection with the low profitability of the project/site and the lack of visibility on the sale of the project/site.
- An equity investment in Fast Charge (trans-Canadian highway project) for an amount of kCHF 0 (2019: kCHF 484). This investment has been fully impaired as of 31 December 2020 resulting in a loss of kCHF 480, in connection with the abandonment of the project.

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 at Leclanché GmbH in Germany.

Other deposits correspond mainly to various guarantees for rent and a bank guarantee for kCHF 660 related to the Covid-19 loan, corresponding to the portion of the loan not covered by the Swiss government.

(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 19.85% (2019: 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.

Summarised balance sheet	31.12.2020 kCHF	31.12.2019 kCHF
Current assets	8'139	2'500
Non-current assets	22'070	11'125
Current liabilities	(6'188)	(508)
Net assets	**24'021**	**13'117**
Summarised income statement	kCHF	kCHF
Revenue & Other income	869	197
Loss for the period	(2'605)	(2'160)
Group's share in %	19.85%	25.01%
Group's share in kCHF	4'768	3'281
Group's share according to the balance sheet	3'636	2'190
Difference	**1'132**	**1'091**

The difference in group's share of kCHF 1'132 (2019: kCHF 1'091) relates to the elimination of the share of the unrealised profit on the sale of IP to the associate that was deducted directly from the investments accounting for using the equity method. The adjustments will be reversed by the entity as the associate depreciates the asset.

11. INVENTORIES

	31.12.2020 kCHF	31.12.2019 kCHF
Raw material	6'313	11'953
Work in progress	3'558	747
Finished goods	9'628	9'871
Provision for inventories	-5'230	-2'811
Total	**14'269**	**19'760**

The inventories write-down and valuation adjustments recognised as an expense/(profit) amount to kCHF 2'362 (2019: kCHF 1'912) and is included in raw materials and consumables used.

12. TRADE AND OTHER RECEIVABLES

	31.12.2020	31.12.2019
	kCHF	kCHF
Short-term		
Trade receivables - gross	*5'481*	*5'295*
Loss allowance	*-656*	*-178*
Trade receivables, net of provision for impairment	4'825	5'116
Loans - gross	*1'118*	*1'055*
Loss allowance	-	-
Short-term loans	1'118	1'055
Other receivables	1'857	2'738
Total trade and other receivables - short term	**7'799**	**8'910**
Long-term		
Trade receivables - gross	*1'731*	*267*
Loss allowance	-	-
Trade receivables, net of provision for impairment - long term	1'731	267
Loans - gross	*10'187*	*8'514*
Loss allowance	*-8'584*	*-8'514*
long-term loans	1'603	-
Total trade and other receivables - long term	**3'334**	**267**
Total trade and other receivables	**11'133**	**9'178**

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

As of 31 December 2020, Leclanché loan of kCHF 8’584 (2019: kCHF 8’514) against Maple Leaf to finance the “IESO” project is fully impaired due to the low profitability of the project/site and the lack of visibility on the sale of the project.

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 of 31 December 2020, this resulted in an allowance of kCHF 656 (2019: kCHF 178).

	2020	2019
	kCHF	kCHF
As of 1 January	178	132
Increase / (decrease) of provision	578	56
Recoveries	-100	-10
As of 31 December	**656**	**178**

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

	31.12.2020	31.12.2019
	kCHF	kCHF
CHF Swiss francs	365	545
EUR Euros	4'230	2'122
USD US dollars	1'880	2'251
CAD Canadian dollars	80	465
	6'556	**5'384**

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13. SHARE CAPITAL

Ordinary Share capital

As of 31 December 2020, the issued share capital of the Company amounts to kCHF 26’007 (2019: kCHF 15’382), divided into 260’069’479 (2019: 153’817’201) fully paid-in issued shares with a nominal value of CHF 0.10 each (2019: CHF 0.10).

Number of Shares	**31.12.2020**	**31.12.2019**
	Unit	Unit
Ordinary shares, nominal value CHF 0.10 (CHF 1.50 up to 24 October 2019)	260'069'479	153'817'201

Number of Shares	**31.12.2020**	**31.12.2019**
	Unit	Unit
As at 1 January	153'817'201	117'143'872
Shares issued	106'252'278	36'673'329
As at 31 December	**260'069'479**	**153'817'201**

Significant shareholders

As per share register:

	% 31.12.2020	**31.12.2020**	**%**	**31.12.2019**
		Unit		Unit
Crestbridge Management Company - SEFAM	75.1%	195'221'483	71.1%	109'325'668
Bruellan Group	2.1%	5'512'793	3.6%	5'512'793
Sum of all other shareholders below 3 %	22.8%	59'335'203	25.3%	38'978'740
Total shares issued	100.0%	**260'069'479**	100.0%	**153'817'201**

Changes in share capital

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

- On 9 May 2019, SEFAM converted into equity the equivalent amount of kCHF 35’962 due under the outstanding Convertible Loan and under the Facility B/C Convertible Loan. Pursuant to this conversion into equity, the Company issued 23’531’336 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 May 2019.

- On 24 October 2019, the shareholders approved at the EGM 2019, to reduce the share capital by way of a nominal value reduction and use the reduction amount of kCHF 196,945 to remedy the negative equity accrued of losses (Unterbilanz; bilan déficitaire). The capital reduction was implemented by reducing the nominal value of all outstanding 140,675,208 registered shares from CHF 1.50 per share to CHF 0.10 per share. On the same date, at the same EGM 2019, the shareholders approved 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 17’400, has been converted into equity of the Company with effect as of 25 October 2019. Pursuant to this conversion into equity, the Company issued 13’141’993 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 25 October 2019.

- On 16 September 2020, SEFAM converted into equity the equivalent amount of kCHF 50’928 due under the outstanding SEFAM ROFO Agreement, the 2019 Working Capital Line Agreement and under the 2020 Working Capital Line Agreement. Pursuant to this conversion into equity, the Company issued 77’280’996 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 17 September 2020. On the same date, Golden Partner SA and SEFAM converted into equity the equivalent amount of kCHF 10’717 due under certain facilitation and arrangement agreements. Pursuant to this conversion into equity, the Company issued 20'039'616 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 17 September 2020.

- On 14 February 2020, the Company signed an agreement with YA II PN, LTD ("**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. During the year 2020, Yorkville converted into equity the equivalent amount of kCHF 4'830 (debt and conversion fees) due under the above agreement. Pursuant to these conversions into equity, the Company issued 8'931'666 new registered shares. Theses capital increases were registered in the Commercial Register of the Canton of Vaud on 17 September 2020 (4'786'976 shares) and 18 January 2021 (4'144'690 shares).

Conditional share capital

Pursuant to Article 3ter and 3quinquies of the Articles of Association, the conditional share capital of the Company represents an aggregate amount of kCHF 3'967 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 600 through the issuance of a maximum of 6'000'000 fully paid-in registered shares with a nominal value of CHF 0.10 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 of 31 December 2020, 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 3'367, by issuing a maximum of 33'669'258 fully paid-in registered shares with a nominal value of CHF 0.10 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 8 May 2021 to increase the share capital up to a maximum amount of kCHF 5'665 through the issue of a maximum of 56'652'991 fully paid-in registered shares with a nominal value of CHF 0.10 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.

14. 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 eligible 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 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:

		2020		**2019**
	Average strike price per share	**Number of awards**	**Average strike price per share**	**Number of awards**
At the beginning of the year	1.79	5'160'000	2.05	3'465'000
Granted		-	1.26	1'755'000
Forfeited	1.50	-230'000	1.50	-60'000
Expired	1.50	-1'030'000	-	-
At the end of the year	**1.88**	**3'900'000**	**1.79**	**5'160'000**

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	2019 attribution
Number of options granted	119'000	1'000'000	250'000	740'000	1'565'000	1'755'000
Grant date	19.03.15	19.03.15	01.01.16	01.01.16	03.12.18	20.09.19
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%	20.09.19 : 33% 20.09.20 : 33% 20.09.21 : 33%
Expiration date	31.12.20	31.12.20	31.12.22	31.12.22	03.12.25	20.09.26
Share price at grant date	4.19	4.19	2.58	2.58	1.88	1.56
Exercise price	3.00	1.50	2.50	2.95	1.50	1.26
Cap	12.00	6.00	11.79	11.79	6.00	5.04
Volatility (annualized)	81.92%	81.92%	53.80%	53.80%	55.14%	54.97%
Risk free interest rate (annualized)	0.07%	0.07%	-0.08%	-0.08%	0.00%	0.00%
Fair Value of the option at grant date	0.47	1.46	0.87	0.75	0.59	0.50

The expense recognised in the income statement for share options granted to directors and employees amounts to kCHF 547 on 31 December 2020 (2019: kCHF 829).

Conditions have changed in 2019 for options granted in 2016 under the CSO 2016 Plan. In 2019, the expiration date was reset to 31 December 2022. The 2019 change of plan resulted in an additional expense of kCHF 252 in 2019.

Reserve for share-based payment

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

	2020	2019
	kCHF	kCHF
As at 1 January	**3'316**	**2'487**
Capped stock option plan - options granted	-	293
Capped stock option plan - options vested	547	549
Capped stock option plan - options forfeited	-60	-12
Capped stock option plan - options expired	-1'474	-
As at 31 December	**2'329**	**3'316**

15. 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 of 31 December 2020.

The associated risk exposure of the plan is:

- Discount rate: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings

- 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 and over previous year are as follows:

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
As at 1 January 2020	50'397	-39'906	10'492
Pension costs			
Current service cost	3'065	-	3'065
Interest expense/(income)	74	-59	14
Employee contributions	-	-1'172	-1'172
	53'536	**-41'137**	**12'399**
Remeasurements			
Change in demographic assumptions	-2'547	-	-2'547
Change in financial assumptions	545	-	545
Other actuarial (gain) / losses	-2'068	-	-2'068
(Gain) / losses on plan assets	-	-972	-972
	-4'070	**-972**	**-5'042**
Contribution			
Company contributions	-	-1'172	-1'172
Benefits payments	-2'431	2'431	-
As at 31 December 2020	**47'035**	**-40'850**	**6'185**

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
As at 1 January 2019	44'831	-34'048	10'783
Pension costs			
Current service cost	2'117	-	2'117
Interest expense/(income)	317	-262	55
Employee contributions	-	-993	-993
Plan amendement	-2'563	-	-2'563
	44'702	**-35'303**	**9'399**
Remeasurements			
Change in financial assumptions	4'676	-	4'676
Other actuarial (gain) / losses	971	-	971
(Gain) / losses on plan assets	-	-3'842	-3'842
	5'647	**-3'842**	**1'805**
Contribution			
Company contributions	-	-713	-713
Benefits payments	48	-48	-
As at 31 December 2019	**50'397**	**-39'906**	**10'492**

As of 1 January 2019, there was a Plan amendment decreasing the conversion rate which resulted in a gain of kCHF 2’563.

The amounts recognised in the balance sheet are as follows:

	2020	2019
	kCHF	kCHF
Present value of funded obligations	47'035	50'397
Fair value of plan assets	-40'850	-39'906
Deficit of funded plans	**6'185**	**10'492**

As of the last valuation date, the present value of the defined benefit obligations was related to 142 active employees (2019: 126).
The overall expected rate of return on assets is determined based on the market prices prevailing on the 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:

	2020	2019
Discount rate	0.08%	0.15%
Salary growth rate	1.50%	1.50%
Pension growth rate	0.50%	0.50%

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 2020).

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

		2020		2019	
Impact of defined benefit obligation	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	-7.0%	8.0%	-7.3%	8.4%
Salary growth rate	0.5%	0.4%	-0.3%	0.4%	-0.4%
Pension growth rate	0.5%	5.4%	-5.0%	5.7%	-5.2%

The sensitivity analysis above is based on changing one assumption while keeping all other assumptions identical. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. To calculate 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) has been applied as for the calculation of the pension liability recognised in the statement of financial position.

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 2020 amount to kCHF 1'172 (2019: kCHF 993).

The weighted average duration of the defined benefit obligation is 15.0 years (2019: 15.6 years).

Funding levels

The Legal coverage (art. 44 OPP2) of the pension fund is 117.95% as of 31 December 2020 (2019: 115.13%)

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Investments by asset class

The major categories of plan assets are as follows:

	2020	2019
	kCHF	kCHF
Cash	4'377	5'719
Swiss Bonds	2'792	1'536
Foreign Bonds	7'833	9'819
Swiss Shares	8'480	7'189
Foreign Shares	8'719	7'139
Real estates	6'974	7'190
Alternative investments	1'675	1'314
Fair value of plan assets	**40'850**	**39'906**

All assets are quoted, except Cash (kCHF 4’377 in 2020, kCHF 5’719 in 2019) and Buildings within the category Real estates (kCHF 3’800 in 2020, kCHF 3’800 in 2019).

Defined Contribution Plan

No material costs for Defined Contribution Plan recognised in the income statement.

16. PROVISIONS

	Onerous contracts	Litigation	Total
	kCHF	kCHF	**kCHF**
As of 1 January 2019	**1'377**	**-**	**1'377**
Allocation to provision	4'849	40	**4'890**
Release of provision	-	-	**-**
Use of provision	-391	-	**-391**
As of 31 December 2019	**5'836**	**40**	**5'876**
As of 1 January 2020	**5'836**	**40**	**5'876**
Allocation to provision	6'115	50	**6'165**
Release of provision	-	-	**-**
Use of provision	-3'511	-	**-3'511**
As of 31 December 2020	**8'439**	**90**	**8'530**
Current 2019	5'836	40	**5'876**
Non-current 2019	-	-	**-**
	5'836	**40**	**5'876**
Current 2020	7'620	90	**7'710**
Non-current 2020	819	-	**819**
	8'439	**90**	**8'529**

The provision for onerous contracts represents the difference between the estimated costs to complete the contract and the contract revenue to be recognised in the future at the balance sheet date.

A new litigation occurred in 2019 with a former employee for kCHF 40. The provision has been increased to kCHF 90 in 2020.

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17. CONVERTIBLE LOANS AND WARRANTS

A) Convertible loans

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

From June 2014, the Company was granted different credit facilities (Facility A, Facility B, Facility C and Facility D) from different lenders, transferred, restructured, converted and extended from time to time.

On 9 May 2019, as part of a financial restructuring plan, the shareholders approved at AGM 2019, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. Effective on 10 May 2019, kCHF 35’962 were converted into equity, including the totality of the remaining Facility B for kCHF 2’072 and the totality of the remaining Facility C for kCHF 11’790. After this conversion, the totality of all Facilities A/B/C/D was converted.

Convertible loan (“**CL**”) and Convertible loan extension (“**CL extension**”)

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

On 27 April 2018, SEFAM 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, and effective 12 December 2018, kCHF 36’000 were converted into equity under the CL and CL Extension.

On 9 May 2019, as part of a financial restructuring plan, the shareholders approved at the AGM 2019 the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. Effective 10 May 2019, kCHF 35’962 were converted into equity, including the totality of the remaining CL and CL extension for kCHF 22’100. In 2019 kCHF 6’500 were drawn down under the CL and CL extension.

As of 31 December 2020, kCHF 58’100 have been drawn down out of the expected kCHF 60’500.

Right of first refusal loan (“**SEFAM ROFO Agreement**”)

On 16 March 2018, Leclanché SA and SEFAM signed a certain financing agreement not included in the aforementioned Funding Agreement, which granted SEFAM a right of first refusal facility of up to kCHF 50’000 (the "**SEFAM ROFO Loan**") seeking to provide the Company with the funds required to finance Merger and Acquisition (M&A), joint venture projects and performance bonds.

On 11 December 2018, as part of a financial restructuring plan, the shareholders approved at the Extraordinary General Meeting (“**EGM 2018**”) the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. Effective 12 December 2018, kCHF 54’692 were converted into equity, including the ROFO for kCHF 7’600.

In 2019, kCHF 5’500 were drawn down and as of 31 December 2019, host liability and embedded derivative amounting to kCHF 9’845 remain outstanding.

On 8 January 2020, KCHF 2’000 were drawn down under the SEFAM ROFO Agreement. On 16 September 2020, the remaining amount of kCHF 11’500 under the ROFO has been fully converted into equity.

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

On 26 March 2019, Leclanché SA and Golden Partner related parties (“**GP related parties**”) 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 Working Capital Line**"), with a 31 December 2021 maturity. On 3 April 2019, a Request for Binding Commitment was signed by the parties confirming that the 2019 Working Capital Line (“**2019 WCL**”) carries a coupon of 8% per annum. On 9 April 2019, an Addendum to Request for Binding Commitment was signed by the parties stating that under a Third-Party Agreement a third-party investor (including SEFAM but not the GP related parties) has the option to convert the portion of the 2019 Working Capital Line 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 was signed between the Company and SEFAM.

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 was converted for an amount of kCHF 17'280.

As of 31 December 2019, the Company has fully drawn down the 2019 WCL under the 2019 Facilitation Agreement for kCHF 35'000, host liability and embedded derivative amounting to kCHF 17'038 remain outstanding.

On 16 September 2020, the totality of the principal (kCHF 17'600) has been converted into equity.

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 SEFAM and any other party to provide Leclanché with a CHF 25 million convertible loan (the "**2020 Working Capital Line**") 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 Facility agreement. As of 31 December 2019, host liability and embedded derivative amounting to kCHF 3'577 remain outstanding.

At the end of June 2020, the Company has fully drawn down the 2020 WCL under the 2020 Facilitation Agreement for kCHF 25'000. On 16 September 2020, kCHF 21'828 has been converted into equity under the 2020 WCL.

As of 31 December 2020, host liability and embedded derivative amounting to kCHF 3'164 remain outstanding.

Securities

All SEFAM convertible loans above and SEFAM loans presented below in section "C. Other loans" 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 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 was settled in cash during the first semester 2020. As of 31 December 2020, there is no amount outstanding under ACE-EE, ACE-LECN and JADE convertible loans.

Yorkville convertible loan

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**")

In 2020, the Company has drawn down a total of kCHF 4’617 in three tranches. The three drawdowns have been fully converted into shares during the 2020 fiscal year. As of 31 December 2020, there is no outstanding amount under the Yorkville convertible loan.

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

	31.12.2020	**31.12.2019**
	kCHF	kCHF
Host liability- non-current liabilities	-	16'821
Embedded derivative	-	3'794
Convertible loans - non-current liabilties	-	20'615
Host liability - current liabilities	2'604	8'708
Embedded derivative	560	1'680
Convertible loans - current liabilities	3'164	10'388
Value of Convertible Loans at the end of the period	**3'164**	**31'004**

As of 31 December 2020, the convertible loans have been presented in the current liabilities for the ones carrying a 31 December 2021 maturity date and in non-current liabilities for the ones carrying a maturity date beyond 31 December 2021. As of 31 December 2020, kCHF 0 (2019: kCHF 0) has been booked as equity component.

(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 capital raise from Precept.

- The Series A Warrants were fully exercised from 2015 to 2017.
- The Series B Warrants have not been exercised and 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, were 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).

No Warrants were exercised in 2020 and 2019. As of 31 December 2020, there were 0 (2019: 0) outstanding and unexercised Series A Warrants and 594’876 (2019: 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 (the Series B warrants) has been entirely reattributed to equity component for kCHF 640 (2019: kCHF 640).

Yorkville Warrant Agreement

On 14 February 2020, Leclanché signed a warrant agreement with Yorkville (the "**Yorkville Warrant Agreement**"). Subject to the terms of the Yorkville Warrant Agreement, the Company issues to Yorkville, the warrant holder, on each facility utilisation date, a number of warrants (0.25 multiplied by the converted relevant loan amount and divided by 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.

In 2020, the Company has issued three series of warrants to Yorkville alongside the tranches drawn down under the Yorkville Facility Agreement representing 931’141 Warrants. These Warrants have been valued at fair value at grant date using the Black Scholes Model.

18. LOANS

	31.12.2020	31.12.2019
	kCHF	kCHF
Current loans	27'177	100
Non-current loans	9'057	7'108
	36'234	7'208

SEFAM loans

On 30 March 2017, a bridge loan of kCHF 2’704 (kEUR 2’500) was granted by SEFAM (“**EUR Bridge Loan Agreement**”). 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 was entered into by and between SEFAM 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. In 2017, the parties also agreed to capitalize the past due interests thus increasing the loan to an amount of kCHF 2’807. On 28 February 2020, a Letter Agreement was signed between Leclanché and AM Investment to extend the maturity of the loan to 31 December 2021. As of 31

December 2020, principal for kCHF 2’807 and interests for kCHF 211 remain outstanding under the EUR Bridge Loan Agreement.

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 ("**CHF 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 was 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. As of 31 December 2020, principal for kCHF 3’000 and interests for kCHF 173 remain outstanding under the CHF 3 million Bridge Loan.

On 23 April 2019, a bridge loan in the amount of kCHF 1’270 was granted by SEFAM to the Company ("**CHF 1.270 million Bridge Loan**"), bearing interest of 10% per annum. On 28 February 2020, a Letter Agreement was signed between Leclanché and AM Investment to extend the maturity of this loan to 31 December 2021. As of 31 December 2020, principal for kCHF 1’270 and interests for kCHF 155 remain outstanding under the CHF 1.270 million Bridge Loan.

On 4 September 2020, a bridge loan in the amount of kCHF 34’000 was granted by SEFAM to the Company ("**e-Transport Bridge Loan**"), bearing interest of 9 to 12% per annum. As of 31 December 2020, the Company has drawn down kCHF 20’000 under the e-Transport Bridge Loan Agreement and kCHF 346 of interests remain outstanding.

Eneris loan

On 21 May 2020, the Company and Eneris have, amongst other, entered into a Euro denominated loan agreement (“**Eneris LA**”). The Eneris Loan has a maturity date of 31 December 2024 and bears interest at Euro-libor 3 months + 5% per annum. The Eneris loan will be secured, thus benefiting from the security package of the same rank (pari passu) as that granted to secure certain debts to SEFAM.. 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.

As of 31 December 2020, principal for kCHF 5’411 and interests for kCHF 145 remain outstanding under the Eneris LA.

Covid-19 loans

As part of the financing support provided by the Swiss Confederation to mitigate the effects of the Covid-19 pandemic, the Company 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. As of 31 December 2020, principal for kCHF 500 remains outstanding.

On 11 June 2020, the Company signed a loan agreement with Banque Cantonale Vaudoise (BCV) for an amount of kCHF 4,400. 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%. The loan contains beneficial terms such as governmental guarantees and below market interest rates. The programs also restrict the ability of borrowers to pay dividends and repay intercompany loan balances. As the stated interest rates are below market, a portion of the loan proceeds is recognized as a government grant. The grants are initially deferred and are recognized in other income on a systematic basis over the loan period (Note 4.2). As of 31 December 2020, principal for kCHF 4’400 remains outstanding.

On 30 April 2020, Leclanché North America was granted a loan (Paycheck Protection Program Promissory Note) for a total amount of kCHF 425. The interest rate on the loan is 1% with a maturity of two years from the date of disbursement. At the end of December 2020, a US law (the Covid-related Tax Relief Act of 2020) has been passed, confirming the forgiveness of this loan. As a result, there is no remaining amount under this loan as of 31 December 2020.

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19. NET DEBT RECONCILIATION

	31.12.2020	31.12.2019
	kCHF	kCHF
Cash and cash equivalents	1'772	1'529
Convertible loans - repayable within one year	-3'164	-10'388
Convertible loans - repayable after one year	0	-20'615
Loans - repayable within one year	-27'177	-7'083
Loans - repayable after one year	-9'057	-125
Lease liabilities -short term	-1'950	-1'871
Lease liabilities - long term	-5'840	-3'163
Net Debt	**-45'415**	**-41'717**
Cash and liquid investments	1'772	1'529
Gross debt - fixed interest rates	-47'187	-43'245
Net Debt	**-45'415**	**-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	-	-50'852	-1'270	-	**-52'122**
Cash outflow (+) for liabilties, (-) for assets	-6'959	-	125	1'812	**-5'023**
Acquisition - leases	-	-	-	-437	**-437**
Conversion to equity	-	54'174	-	-	**54'174**
Equity component of convertible loans	-	-47	-	-	**-47**
Convertible loans issue costs	-	3'230	-	-	**3'230**
Finance costs	-	-3'818	-394	-66	**-4'278**
Interests paid	-	1'561	179	66	**1'806**
Interests accrued for		1'257	450	-	**1'707**
Foreign exchange adjustments	50	63	61	-	**174**
Net Debt as of 31 December 2019	**1'529**	**-31'003**	**-7'208**	**-5'033**	**-41'717**
Cash inflow	-	-27'765	-30'663	-	**-58'428**
Cash outflow (+) for liabilties, (-) for assets	214	543	100	1'735	**2'592**
Acquisition - leases	-	-	-	-4'491	**-4'491**
Conversion to equity	-	53'340	-	-	**53'340**
Equity component of convertible loans & warrants	-	254	-	-	**254**
Finance costs	-	-3'243	-1'556	-48	**-4'847**
Convertible loans issue costs	-	2'044	-	-	**2'044**
Interests paid	-	999	287	48	**1'333**
Interests accrued for	-	1'776	581	-	**2'357**
Foreign exchange adjustments	30	-109	-70	-	**-150**
Covid-19 subsidies	-	-	2'296	-	**2'296**
Net Debt as of 31 December 2020	**1'772**	**-3'164**	**-36'234**	**-7'789**	**-45'415**

20. TRADE AND OTHER PAYABLES

	31.12.2020	31.12.2019
	kCHF	kCHF
Trade payables	**10'559**	**8'200**
Other payables:	**12'811**	**16'008**
Accruals	7'974	12'011
Payroll and social charges	4'835	3'984
Other payables	1	13
	23'369	**24'208**

21. 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 10.

Embedded derivatives

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

	31.12.2020	31.12.2019
	kCHF	kCHF
At 1 January	5'474	8'320
Embedded derivatives disposed	-5'474	-8'320
Embedded derivatives acquired	560	5'474
At 31 December	**560**	**5'474**

Recognised fair value measurement

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

22. FINANCIAL RISK MANAGEMENT

Risk assessment

The implementation of the risk management was 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 was performed in May 2016 and subsequently updated in October 2017, October 2018 and October 2020. 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. See also Note 2 "Critical accounting estimates and judgments – uncertainties and ability to continue as a going concern. 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.

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 arising 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 mainly denominated in CHF and consequently do not expose the Group to any significant foreign exchange rate risk.

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

	Change in rate	Impact on loss	Impact on equity
		kCHF	kCHF
2020	+/- 5%	+/- 182	+/- 874
2019	+/- 5%	+/- 53	+/- 620

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

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables.

The Group determines the creditworthiness of any prospective or existing customer at the initial phase of each bid process. Assessment of credit risk is mainly based on assessing the creditworthiness of customers through external ratings, and in the case of existing customers, through Company's past experience.

In addition, trade receivables are monitored on an ongoing basis and the Groups' exposure to bad debt is considered to be insignificant. The maximum exposure is the carrying amount of trade and other receivables as per Note 12.

There is a concentration of credit risk with two customers that represent respectively 43% and 21% of the Group's outstanding trade receivables. Nevertheless, no heightened recoverability risk has been identified.

As of 31 December 2019, there is no geographical concentration of credit risks, as the Group's customer base is internationally dispersed. As of 31 December 2020, there is a geographical concentration linked to the two above customers, in Norway and the USA respectively. Nevertheless, given the nature of these two countries, it does not imply additional financial risks for the Group.

As of 31 December 2020, the credit risk exposure on the Group's receivables and contract assets is as follows:

	31.12.2020	31.12.2019
	kCHF	kCHF
Expected credit loss rate	6.0%	2.0%
Gross carrying amount for trade receivables	7'211	5'562
Gross carrying amount for contract assets	3'752	3'201
Provision for credit losses	-656	-178

The Group's exposure to credit risk from balances due from its customer is limited. Therefore, the Group has applied the expected credit loss rate calculated above to the overall receivable and contract asset balances without using a grouping criteria and hence a provision matrix is not presented for disclosure purposes.

With respect to credit risk arising from the financial assets, the Group's exposure 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, loans 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. See also Note 2 "Critical accounting estimates and judgments – uncertainties and ability to continue as a going concern.

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.

Year ended 31 December 2020

	Less than 3 months	Between 3 months and 1year	Between 1 and 5 years	Total
	kCHF	kCHF	kCHF	kCHF
Trade and other payables	15'143	8'226	-	23'369
Convertible loans	-	3'172	-	3'172
Loans	-	7'177	30'336	37'513
Lease liabilities	487	1'462	5'840	7'789

Year ended 31 December 2019

	Less than 3 months	Between 3 months and 1year	Between 1 and 5 years	Total
	kCHF	kCHF	kCHF	kCHF
Trade and other payables	12'496	11'712	-	24'208
Convertible loans	10'043	-	21'452	31'496
Loans	6'983	100	125	7'208
Lease liabilities	468	1'403	3'163	5'034

Capital Management

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

See Notes 13, 17A and 17C regarding fund raises executed during the year.

The Company completed the following balance sheet restructuring actions during the course of 2020:

- a conversion of existing convertible loans in the amount of kCHF 50’428 into equity through an ordinary capital increase on 16 September 2020.
- a conversion of existing debt in the amount of kCHF 10’717 into equity through an ordinary capital increase on 16 September 2020.
- Over the year, conversions of existing Yorkville debt into equity in the amount of kCHF 4’783.

The Company anticipates that, subject to the continued successful implementation of the Growth Plan and timely payments from major customer, current funding facilities in place and facilities implemented in 2021 will satisfy the Company’s working capital requirements until the end of Q2 2022. See also Note 2 “Critical accounting estimates and judgments – uncertainties and ability to continue as a going concern.

23. COMMITMENT AND CONTINGENCIES

The Group’s principal contingent liabilities arise from property rental guarantees and performance guarantees. The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. These matters mainly include the risks associated with personnel litigation, taxes and contractual disputes.

As of 31 December 2020, the guarantees in issue were kCHF 4’031 (2019: kCHF 4’274).

Although an estimate of the future financial effects cannot be reliably and precisely calculated at the reporting date, it is not anticipated that any material liabilities, except as described in the paragraph below, will arise from these contingent liabilities other than those provided for in Note 15.

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 upon Leclanché raising at least kCHF 25’000 in capital. The supplier initiated 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 legal action against the supplier for a lack of capacity of the delivered modules. In 2020, by court decision, a settlement was proposed and accepted by the parties, resulting in the payment of kCHF 1'083 by the Group to the supplier. At the end of December 2020, the procedure was completed.

The Group's principal contingent assets arises from an insurance proceed to receive following the Griffin Tauron project fire incident that occurred in September 2020. Root cause analysis and discussions with the parties and insurance are ongoing at the date of the publication of the report.

24. ASSETS PLEDGED

See Note 17A regarding the assets pledged as collateral for SEFAM's convertible and non-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:

	31.12.2020	**31.12.2019**
	kCHF	kCHF
Salaries and other short-term employee benefits	2'514	2'290
Post-employment benefits	153	148
Share-based payments	382	599
Total	**3'048**	**3'037**

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

Related parties

Related parties are defined as follows:

- **Golden Partner International SA**, is a global investment management group headquartered in Switzerland advising SEFAM. SEFAM 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 SEFAM.
- **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 80.15% (2019: 74.99%) and Leclanché 19.85% (2019: 25.01%).
- **Silveron Capital Partners**, is a Dallas-based boutique investment banking and stationary projects advisory firm, owned by Mr. Bryan Urban. Mr. Bryan Urban was the Executive Vice President of Stationary Business Unit until the recruitment of Mr. Karl Bohman in July 2020 and is also the principal partner of Silveron.
- **Solec Power Ltd** is a Saint Kitts and Nevis company created to manage a utility scale generation project in st Kitts and Nevis. Leclanché SA has a stake of 50% in this Company.

Transactions

	2020	2019
	kCHF	kCHF
Revenues		
- to USGEM on Marengo project	-142	737
- to Golden Partner	-	-
- to Nexcharge	61	131
	-80	**868**
Other operating expenses purchased:		
- from Golden Partner	58	97
- from Silveron	-	-95
	58	**2**
Finance costs		
- from Golden Partner & SEFAM	6'793	7'420
	6'793	**7'420**
Finance income		
- to USGEM / SGEM	43	59
- to Solec Power Ltd	40	-
	83	**59**

Year-end balances

	31.12.2020	31.12.2019
	kCHF	kCHF
Included in current and non-current assets:		
- short term loan from Solec Power Ltd	882	-
- long term loan from Marengo	845	890
- long term loan from SGEM	172	165
- receivable from Marengo	1'370	2'125
- receivable from Nexcharge	65	63
- receivable from SGEM	360	360
- investment in associate Nexcharge	3'636	2'190
	7'331	**5'794**
Included in current and non-current liabilities:		
- bridge loans due to SEFAM	7'615	6'983
- loans & fees due to Golden Partner	-	3'454
- other loans due to SEFAM	6'446	32'162
- trade and other payables due to Golden Partner	383	-
- trade and other payables due to Silveron	319	319
	14'762	**42'918**

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. 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 to slow the transmission of the virus, including stay-at-home or work-from-home orders, closure of non-essential businesses, cancellation of events, and restrictions on domestic and international travel. The outbreak of the Covid-19 pandemic and measures taken by governments to limit its impact have had a significant impact on global markets and, as a consequence, impact on the environment of Leclanché and the Group itself.

The Group has taken a number of measures to minimize the Covid-19 impact by ensuring people safety first (such as physical distancing, the wearing of masks in all areas, work from home policy) while running business continuity. Production has been affected by stringent safety and contingency measures that has generated a decrease in production capacity.

Given the overall decline in demand in various industries as a result of the Covid-19 pandemic, Leclanché has been negatively impacted in its commercial expansion to a varying degree between the Business Units. Management is continuously modelling and assessing the situation to adapt and minimize impacts linked to the Covid-19 pandemic.

The Group has also assessed the consequences of the Covid-19 pandemic on the Consolidated Financial Statements, specifically considering the impacts on key judgements and significant estimates as detailed on note 2 of the 2020 Consolidated Financial Statements of Leclanché Group. The Group will continue to monitor these areas of increased risk for material changes.

As part of the financing support provided by the Swiss Confederation, Leclanché was granted a loan of kCHF 4'900. This government-backed financing had a positive effect on Leclanché cash flow in these difficult times.

27. SUBSEQUENT EVENTS

- On 17 January 2021, Karl Bohman, executive vice president, head of Leclanché's global Stationary business group and a member of the Executive Committee, has passed away due to a skiing accident. Anil Srivastava, CEO, has taken over the day-to-day responsibilities of the business unit in the interim.
- On 24 March 2021, the Group has signed a Facilitation Agreement with Golden Partner, advisor of SEFAM. Through this agreement, amongst other, SEFAM has agreed to provide Leclanché with an aggregate financing of kCHF 57'600 in the form of several loan facilities.
- On 29 March 2021, SEFAM converted into equity the equivalent amount of kCHF 33'783 due under the 2020 Working Capital Line Agreement ("**2020 WCL**") and the four SEFAM loans: "**EUR Bridge Loan Agreement**", "**CHF 3 million Bridge Loan**", "**CHF 1.270 million Bridge Loan**" and "**e-Transport Bridge Loan**". As part of the conversion of debt into equity, the Company issued 39'609'350 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 30 March 2021.
- On 29 March 2021, BCV has granted the Group an extension of the maturity of the kCHF 4'400 Covid-19 loan until 30 September 2027 and a postponement of the first repayment until 31 March 2022.
- On 30 March 2021, the Group and Marengo / USGEM / SGEM have signed a repayment plan for all outstanding invoices and loans as of 31 December 2020. The repayment will be made in monthly instalments between kCHF 85 and kCHF 100 until November 2023.
- On 28 April 2021, Golden Partner SA and Golden Partner Holding S.à r.l. have undertaken to convert approximately kCHF 12'845 of their loan to Leclanché SA into equity. This conversion is expected to take place at the next Annual General Meeting of shareholders and should be treated as an ordinary capital increase.
- On 7 May 2021, AM Investment SCA SICAV-SIF – Illiquid Assets Sub-Fund has undertaken to convert approximately kCHF 10'500 of its loan to Leclanché SA into equity. This conversion is expected to take place at the next Annual General Meeting of shareholders and should be treated as an ordinary capital increase.

- On 20 May 2021, AM Investment S.C.A. SICAV - FIS - R&D Sub-Fund granted a financing of kCHF 11'721 to Leclanché, under a construction loan agreement signed on the same day to finance the construction of the St Kitts and Nevis Stationary project. The kCHF 11'721 is included in the kCHF 57'600 committed amount mentioned above and in the kCHF 24'566 drawn down as of 31 May 2021. The use of the construction loan is subject to approval from the Lender representatives. On 4 June 2021, the Group received confirmation that kCHF 5'000 out of kCHF 11'721 have been made available to Leclanché, against a pledge of assets related to the St Kitts project. The use of kCHF 6'721 has not been approved at the date of issuance of the annual report.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 income statement, the consolidated statement of comprehensive loss for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020, the 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 34 - 85) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 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 of these consolidated financial statements, which states that the Group 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 Group to continue as a going concern. If it is not possible for the Group to continue as a going concern, the consolidated financial statements will need to be prepared on the basis of liquidation values. Our opinion is not modified in respect of this matter.

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REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

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Our audit approach

Overview

Overall Group materiality: CHF 2'350'000

We concluded full scope audit work at 2 reporting units. Our audit scope addressed 98% of the Group's revenue and 99% of the Group's assets.

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

Revenue recognition from "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 2'350'000
How we determined it	3% of loss before tax
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 Group is 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 7 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 2 components which represents the main business of the Group. Both components were subject to full scope audit. Based on the scoping performed we addressed 98% of the Group's revenue and 99% of the Group's 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, which was subject to full scope audit. For the other component, the group audit team directed and supervised the audit work performed by the component team.

Leclanché
Energy Storage Solutions

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

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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 from "projects"

Key audit matter	How our audit addressed the key audit matter
Revenues resulting from "projects" (see note 4.1) amounted to kCHF 16'882, representing 78% of total revenues for the year ended 31 December 2020. There are two critical judgements made by management relating to these revenues 1) the assessment of whether project contracts comprise of one or multiple performance obligations and 2) whether 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, as explained in note 2, "critical accounting estimates and judgements".	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 Group's business. We obtained the detailed analysis of the projects and verified its mathematical accuracy. We assessed the completeness of the detailed analysis in light of our understanding of the business, discussions with management and review of minutes of the Board of Directors. For a sample of projects we performed the following: • We agreed project aspects to signed contracts and detailed analysis and 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 on a sample basis the accuracy and the allocation of costs to the project. • We discussed and assessed with the project managers and finance managers the stage of completion of the work and the future costs and accruals until completion of the project. • We agreed revenue and expenses recognised for the year as well as amounts due to and from customers to the financial statements. • We assessed the need to recognise provisions for expected losses based on enquiries with management and our understanding of the contract. Based on our procedures, we deemed the judgements made by management to be reasonable and management's accounting approach for project's revenue to be appropriate.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

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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 27'765 in 2020 (see consolidated statement of cash flows). In addition, during 2020 convertible loans of kCHF 53'340 were converted to equity (see note 19). The accounting treatment of convertible loans is complex and requires use of a pricing model and management judgement. The standard requires the identification and separation of the host liability and the embedded derivative 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". The detail of the transactions can be found in note 17A to the consolidated financial statements.	We obtained an overview of the nature of the financial instruments used to finance the Group 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 Group'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. We agreed convertible loans additions and payments to supporting documentation. We confirmed outstanding amounts of convertible loans as of 31 December 2020 with the lenders. We verified the 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). With the support of internal valuation specialists we verified the calculation performed and assumptions used to fair value the convertible loans. Based on our above procedures, we deemed management's accounting approach for convertible loans as of 31 December 2020 to be appropriate.

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.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

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

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Page 6)

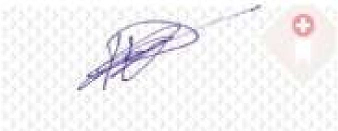
key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably 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, 8 June 2021

Leclanché SA

Statutory financial statements 2020

Leclanché
Energy Storage Solutions

Balance sheet as of 31 December 2020
(in kCHF)

Assets	**Notes**	**31.12.2020**	**31.12.2019**
Current assets			
Cash and cash equivalents		1'489	1'091
Trade receivables -		4'815	5'116
due from third parties		*5'470*	*5'295*
Allowance on trade receivables (third parties)		*-656*	*-178*
Other current receivables -		1'881	2'770
Other current receivables - due from third parties		*1'881*	*2'770*
Inventories	2.1	14'179	19'432
Accrued income and prepaid expenses		4'153	4'018
Advances to suppliers		3'798	6'870
Loans to external parties		1'118	-
Total current assets		**31'433**	**39'298**
Non-current assets			
Financial assets -		15'772	14'897
Loans to group companies (of which subordinated kCHF 43'529)		*53'269*	*73'267*
Loans to external parties		*8'306*	*6'902*
Allowance on loan to group companies		*-43'021*	*-62'260*
Allowance on loan to external parties		*-6'703*	*-6'902*
Other financial assets	*2.5*	*3'921*	*3'889*
Trade receivables -		1'731	267
due from third parties		*1'731*	*267*
Investments		4'774	3'281
Investment in subsidiaries and associates	2.2	*42'347*	*25'990*
Other investments		*504*	*502*
Allowance on investment in subsidiaries and associates		*-37'573*	*-22'709*
Allowance on other investments		*-504*	*-502*
Property, plant and equipment		5'347	3'143
Intangible assets	2.3	5'263	5'001
Total non-current assets		**32'887**	**26'589**
Total assets		**64'320**	**65'887**

Leclanché
Energy Storage Solutions

Balance sheet as of 31 December 2020
(in kCHF)

Liabilities	**Notes**	**31.12.2020**	**31.12.2019**
Short-term liabilities			
Trade payables -		8'489	6'559
due to third parties		*8'489*	*6'559*
Short-term interest-bearing liabilities -		30'348	17'127
due to third parties		*100*	*100*
due to shareholders		*30'248*	*17'027*
Other short-term liabilities -		442	7'023
due to third parties		*442*	*7'023*
Accrued expenses and deferred income		18'960	8'936
Advances from customers		10	66
Short-term provisions		7'710	5'876
Total short-term liabilities		**65'959**	**45'586**
Long-term liabilities			
Long-term interest-bearing liabilities -		13'033	22'445
due to third parties		*10'336*	*125*
due to group companies		*2'697*	*868*
due to shareholders		-	*21'452*
Long-term provisions		819	-
Total long-term liabilities		**13'852**	**22'445**
Total liabilities		**79'812**	**68'031**
Shareholders' equity			
Share capital	2.9	26'007	15'382
Reserves from capital contribution	2.9	55'165	16'293
Accumulated losses	2.9	-17'526	43'132
Net result for the period	2.9	-79'138	-76'951
Total shareholders' equity		**-15'492**	**-2'144**
Total liabilities		**64'320**	**65'887**

Leclanché
Energy Storage Solutions

Income statement for the year ended December 31, 2020
(in kCHF)

	Notes	December 2020	December 2019
Sales of goods and services		21'623	15'933
Other income		225	51
Cost of materials		-59'581	-50'110
Personnel costs		-17'761	-16'431
Other operating expenses	2.11	-17'956	-17'159
Depreciation, amortisation and impairment		-3'050	-3'511
Impairment on financial assets	2.12	4'572	2'282
Operating loss		**-71'928**	**-68'945**
Financial income	2.13	2'474	2'847
Financial expenses	2.14	-9'684	-10'853
Net result for the period		**-79'138**	**-76'951**

Leclanché
Energy Storage Solutions

Notes to the financial statements 2020

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.

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
Machinery, installations and tools	3 - 10 years	straight-line
Furniture and computers	2 – 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.

Comparatives

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

Going concern

Following the conversion of existing convertible debts and debts into equity in the respective amount of kCHF 50'928 and kCHF 10'717 through an ordinary capital increase on 16 September 2020, Leclanché's debt towards SEFAM has been reduced to kCHF 30'248 as of end of December 2020, thus significantly improving the Company's balance sheet. Additionally, on 29 March 2021, SEFAM has converted a further kCHF 33'783 of its debt into equity.

On 24 March 2021, the Company signed a Facilitation Agreement with Golden Partner, advisor to SEFAM. Under this agreement, amongst other, SEFAM agreed to provide Leclanché in 2021 with an aggregate financing of around kCHF 57'600 in the form of several loan facilities and to convert up to a minimum of kCHF 30'000 of these loans into equity. As of 31 May 2021, the Group has drawn down kCHF 24'566 out of the kCHF 57'600 committed.

On 20 May 2021, AM Investment S.C.A. SICAV - FIS - R&D Sub-Fund granted a financing of kCHF 11'721 to Leclanché SA, under a construction loan agreement signed on the same day to finance the construction of the St Kitts and Nevis Stationary project. The kCHF 11'721 is included in the kCHF 59'600 committed amount mentioned above and in the kCHF 24'566 drawn down as of 31 May 2021. The use of the construction loan is subject to approval from the Lender representatives. On 4 June 2021, the Company received confirmation that kCHF 5'000 out of kCHF 11'721 have been made available to Leclanché, against a pledge of assets related to the St Kitts project. The use of kCHF 6'721 has not been approved at the date of issuance of the annual report.

In addition, out of the kCHF 34'000 of the e-Transport Bridge Loan (Note 18), kCHF 14'000 remained available as of 31 December 2020 to finance the Company. As of 31 May 2021, the Company has drawn down the totality of the remaining amount.

Although Leclanché's 2020 performance confirms that the Company is still in a ramp-up mode typical of a high growth scale-up Company, the technology leadership, industrial capacity ramp-up and commercial developments are endorsing the strategic decisions that have been made by the Board of Directors since 2016. Leclanché is now poised to become a major player in the electrification of the mass transportation market propelled by a robust order book and a committed pipeline of projects due for delivery between 2021 to 2024. The Company has received interest from new strategic investors over the past six months in the fast growing e-Transport and energy storage system markets.

The Company is evaluating different funding options and is currently in active discussions with various investors, with an objective to raise significant additional funds in the coming months. This funding seeks to support Leclanché's Growth Plan and is essential for the continued operations in late 2021 and beyond.

Subject to a successful conclusion of the funding efforts and the continuing availability of sufficient equity, 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 statutory financial statements have therefore been prepared on a going concern basis.

However, despite the recent commercial and funding successes, there remain significant execution risks over the turnaround and Growth Plan of the Company, which may cast significant 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	31.12.2020	31.12.2019
Raw materials	6'223	11'626
Work in progress	3'558	747
Finished goods	9'628	9'871
Provision for inventories	-5'230	-2'811
Total	**14'179**	**19'432**

2.2 Investments in subsidiaries and affiliates

		31.12.2020		31.12.2019	
Name and legal form	Registered office	Capital	Vote	Capital	Vote
Leclanché GmbH (capital EUR 270'600)	Willstätt (Germany)	100%	100%	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 (1)	Ahmedabad, Gujarat (India)	19.85%	19.85%	25.01%	25.01%
Leclanché France SASU (capital EUR 2'500) (2)	Versailles (France)	100%	100%	0%	0%
Leclanché Norway AS (capital NOK 30'000) (3)	Oslo (Norway)	100%	100%	0%	0%
Solec Power Ltd (capital USD 100) (4)	St Kitts (Basseterre)	50%	50%	0%	0%

(1) Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge was incorporated on 29 September 2018. The ownership interest of Leclanché SA was 19.85% as of 31 December 2020 (25.01% in 2019).

(2) Leclanché France SASU was incorporated on 26 June 2020 and is fully owned by Leclanché SA

(3) Leclanché Norway AS was incorporated on 15 June 2020 and is fully owned by Leclanché SA

(4) Solec Power Ltd was incorporated on 29 March 2019. The interest ownership of Leclanché is 50% at the end of 2020.

In 2020, Leclanché SA contributed to the capital of Leclanché GmbH for kCHF 14'388 (2019 : kCHF 15'660)

2.3 Intangible assets

kCHF	31.12.2020	31.12.2019
Gross value	15'639	14'020
Accumulated amortisation	-10'376	-9'018
Net value	**5'263**	**5'001**

2.4 Pension liabilities

On 31 December 2020, the liability to the pension scheme amounted to kCHF 211 (2019: kCHF 360).

2.5 Guarantees in favour of third parties

The amount of guarantees in favour of third parties is kCHF 3'922 (2019: kCHF 3'889) stemming from bank guarantees for rents, project performance bonds, guarantee for Covid-19 loan 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 SEFAM convertible and not convertible loans, included in "Short-term interest-bearing liabilities due to shareholders" for kCHF30'248 (SEFAM convertible loans and SEFAM non-convertible loans) 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.

2.7 Shares held by Management, administrative bodies and employees

Name	Position	Shares (number)	Options (number) 31 December 2020	Options (number) 31 December 2019	[1]
Stefan Müller	Member of the Board of Directors	8'090	-	-	
Anil Srivastava	Chief Executive Officer	-	-	1'000'000	[3]
			250'000	250'000	[4]
			-	-	[6]
			400'000	400'000	[7]
			400'000	400'000	[8]
Hubert Angleys	Chief Financial Officer	-	150'000	150'000	[5]
			350'000	350'000	[7]
			350'000	350'000	[8]
Pierre Blanc	Chief Technology and Industrial Officer	-	-	15'000	[2]
			100'000	100'000	[5]
			100'000	100'000	[7]
			200'000	200'000	[8]
Fabrizio Marzolini	Executive VP Global Solution Engineering	-	-	15'000	[2]
			100'000	100'000	[5]
			100'000	100'000	[7]
Bryan Urban	Executive VP North America	-	150'000	150'000	[5]
			100'000	100'000	[7]
Phil Broad	Executive VP North America	-	100'000	100'000	[8]
Employees		-	1'050'000	1'205'000	[5 & 7 & 8]

[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 - 31.12.2022. Conditions have changed in 2018 and 2019, previously: exercise price: 2.50; exercise period: 31.12.2016 - 30.06.2019

[5] Grant date: 31.12.2016; exercise price: 1.50; exercise period: 31.12.2016 - 31.12.2022. Conditions have changed in 2018 and 2019, previously: exercise price: 2.50; exercise period: 31.12.2016 - 30.06.2019

[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

[8] Grant date: 20.09.2019; exercise price: 1.259; exercise period: 20.09.2019 - 20.09.2026

2.8 Commitments

On 22 June 2020, Leclanché signed a contract for the lease of a building in Yverdon-les-Bains, Switzerland. The lease is committed but will commence on 1 March 2021 for a period of 15 years. The amount of lease liabilities at the beginning of the contract will be approximately kCHF 31’500.

Beside the new signed contract above, the lease commitments for Leclanché SA are kCHF 2’068 (2019: kCHF 2’930). The commitments are based on lease contracts in Yverdon-les-Bains (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 2019	175'716	19	-153'813	21'922
Loss for the year	-	-	-76'951	-76'951
Decrease in nominal value from CHF 1.50 to CHF 0.10 (EGM 24.10.2019)	-196'945	-	196'945	-
Capital increases	36'611	16'274	-	52'885
Balance at 31 December 2019	**15'382**	**16'293**	**-33'819**	**-2'144**
Balance at 1 January 2020	15'382	16'293	-33'819	-2'144
Loss for the period	-	-	-79'138	-79'138
Cancellation of Reserves against accumulated losses (AGM 30 June 2020)	-	-16'293	16'293	-
Capital increases	10'625	55'165	-	65'790
Balance at 31 December 2020	**26'007**	**55'165**	**-96'663**	**-15'492**

2.10Significant shareholders

As per share register:

	%	31.12.2020	%	31.12.2019
		Unit		Unit
SEFAM	75.1%	195'221'483	71.1%	109'325'668
Sum of all other shareholders below 3 %	24.9%	64'847'996	28.9%	44'491'533
Total shares issued	100.0%	**260'069'479**	100.0%	**153'817'201**

2.11 Other operating expenses

kCHF	2020	2019
Administration costs	246	345
Building facilities	45	135
Commissions on financing	48	658
Consulting costs	3'567	3'217
Legal costs	1'484	2'300
IP and IT costs	853	605
Insurances	251	304
Intercompany reinvoicing	6'142	4'343
Loss on doubtful debtors	488	585
Manufacturing costs	145	65
Miscellaneous	769	567
Rental and storage costs	1'106	1'217
Sales & marketing costs	124	16
Sundry duties and capital taxes	255	332
Transport, packaging and custom duties	1'827	1'191
Travel costs	606	1'279
Total	**17'956**	**17'159**

2.12Impairment on financial assets

The management has performed an impairment assessment on the recoverability of financial assets. Following its assessment, loans and investments in the project Maple Leaf have been fully impaired in 2019. As of 31 December 2020, it resulted in a reversal of kCHF 197 net of FX impact (2019: expense of kCHF 7’404).

For investments in subsidiaries and associates and their related loans, prior years impairment for an aggregate net amount of kCHF 4’572 have been reversed in 2020 (2019: kCHF 9’685).

2.13 Financial income

kCHF	2020	2019
Interests	**2'434**	**2'847**

2.14 Financial expenses

kCHF	2020	2019
Bank charges	57	59
Interests & fees	8'764	8'648
Realised and unrealised exchange loss	851	2'146
Total	**9'672**	**10'853**

2.15 Full Time Equivalent

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

2.16 Subsequent events occurring after the balance sheet date

- On 17 January 2021, Karl Bohman, executive vice president, head of Leclanché’s global Stationary business group and a member of the Executive Committee, has passed away due to a skiing accident. Anil Srivastava, CEO, has taken over the day-to-day responsibilities of the business unit in the interim.
- On 24 March 2021, the Company has signed a Facilitation Agreement with Golden Partner, advisor of SEFAM. Through this agreement, amongst other, SEFAM has agreed to provide Leclanché with an aggregate financing of kCHF 57’600 million in the form of several loan facilities.
- On 29 March 2021, SEFAM converted into equity the equivalent amount of kCHF 33’783 due under the 2020 Working Capital Line Agreement (“**2020 WCL**”) and the four SEFAM loans: “**EUR Bridge Loan Agreement**”, “**CHF 3 million Bridge Loan**”, "**CHF 1.270 million Bridge Loan**" and "**e-Transport Bridge Loan**". As part of the conversion of debt into equity, the Company issued 39’609’350 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 30 March 2021.
- On 29 March 2021, BCV has granted the Company an extension of the maturity of the kCHF 4’400 Covid-19 loan until 30 September 2027 and a postponement of the first repayment until 31 March 2022.
- On 30 March 2021, the Company and Marengo / USGEM / SGEM have signed a repayment plan for all outstanding invoices and loans as of 31 December 2020. The repayment will be made in monthly instalments between kCHF 85 and kCHF 100 until November 2023.
- On 28 April 2021, Golden Partner SA and Golden Partner Holding S.à r.l. have undertaken to convert approximately kCHF 12’845 of their loan to Leclanché SA into equity. This conversion is expected to take

place at the next Annual General Meeting of shareholders and should be treated as an ordinary capital increase.

- On 7 May 2021, AM Investment SCA SICAV-SIF – Illiquid Assets Sub-Fund has undertaken to convert approximately kCHF 10’500 of its loan to Leclanché SA into equity. This conversion is expected to take place at the next Annual General Meeting of shareholders and should be treated as an ordinary capital increase.
- On 20 May 2021, AM Investment S.C.A. SICAV - FIS - R&D Sub-Fund granted a financing of kCHF 11’721 to Leclanché, under a construction loan agreement signed on the same day to finance the construction of the St Kitts and Nevis Stationary project. The kCHF 11’721 is included in the kCHF 57’600 committed amount mentioned above and in the kCHF 24’566 drawn down as of 31 May 2021. The use of the construction loan is subject to approval from the Lender representatives. On 4 June 2021, the Company received confirmation that kCHF 5’000 out of kCHF 11’721 have been made available to Leclanché, against a pledge of assets related to the St Kitts project. The use of kCHF 6’721 has not been approved at the date of issuance of the annual report.

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 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 92 to 104) as at 31 December 2020 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 of 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. If it is not possible for the Company to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. Our opinion is not modified in respect of this matter.

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REPORT OF THE STATUTORY AUDITOR

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Our audit approach

Overview

Overall materiality: CHF 2'350'000

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 from "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 2'350'000
How we determined it	3% of the net result
Rationale for the materiality benchmark applied	We choose the net result, as the benchmark because, in our view, it is the benchmark against which the performance of the entity is 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.

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.

REPORT OF THE STATUTORY AUDITOR

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Revenue recognition from "projects"

Key audit matter	How our audit addressed the key audit matter
Revenues resulting from "projects" amounted to kCHF 16'401, representing 76% of total revenues for the year ended 31 December 2020. There are two critical judgements made by management relating to these revenues 1) the assessment of whether project contracts comprise of one or multiple performance obligations and 2) whether 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 Company's business. We obtained the detailed analysis of the projects and verified its mathematical accuracy. We assessed the completeness of the detailed analysis in light of our understanding of the business, discussions with management and review of minutes of the Board of Directors. For a sample of projects we performed the following: • We agreed project aspects to signed contracts and detailed analysis and 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 on a sample basis the accuracy and the allocation of costs to the project. • We discussed and assessed with the project managers and finance managers the stage of completion of the work and the future costs and accruals until completion of the project. • We agreed revenue and expenses recognised for the year as well as amounts due to and from customers to the financial statements. • We assessed the need to recognise provisions for expected losses based on enquiries with management and our understanding of the contract. Based on our procedures, we deemed the judgements made by management to be reasonable and management's accounting approach for project's revenue to be appropriate.

REPORT OF THE STATUTORY AUDITOR

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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:

- 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.

REPORT OF THE STATUTORY AUDITOR

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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 the financial statements of LECLANCHE SA disclose an excess of liabilities over assets in accordance with article 725 para. 2 CO. Due to the fact that the Company's creditors converted their claims into equity in the amount of kCHF 33'783 on 29 March 2021, of which kCHF 30'248 were open as of 31 December 2020, the Board of Directors has refrained from notifying the court.

PricewaterhouseCoopers SA

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

Lausanne, 8 June 2021

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Leclanché S.A. shares are listed on the SIX Swiss Exchange, Zurich (ISIN code: CH0110303119).
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