Leclanché Group

2022 Annual Report

Leclanché SA
Avenue des Sports 42 • Case postale • CH-1400 Yverdon-les-Bains • Suisse
+41 (09)24 424 65 00 • **www.leclanche.com**

Table of content

1 **Corporate Governance** ... 5
1.1 Group Structure and Shareholders ... 6
1.2 Capital Structure ... 9
1.3 Loans ... 15
1.4 Board of Directors ... 24
1.5 Executive Committee ... 32
1.6 Compensation, Shareholdings and Loans ... 34
1.7 Voting rights and participation at shareholders' meetings ... 34
1.8 Change of Control and Defence Measures ... 35
1.9 Auditors ... 36
1.10 Information Policy ... 37
1.11 Quiet periods ... 37
2 **Compensation Report 2022** ... 39
2.1. Legislation ... 40
2.2. Guiding principles ... 40
2.3. Compensation system ... 40
2.3.1. Members of the Board of Directors ... 40
2.3.2. Members of the Executive Committee ... 40
2.3.3. Equity incentive plans ... 41
2.4. Ordinance Against Excessive Compensation at Listed Companies (Vegüv) ... 41
2.5. Provisions of the Articles of the Associations of the Company regarding Remuneration ... 41
2.6. Compensation in fiscal year 2022 ... 42
2.6.1. Board of Directors ... 42
2.6.2. Executive Committee ... 44
2.6.3. Service benefits and benefits in kind ... 45
2.6.4. Sign-on bonuses ... 45
2.6.5. Loans, guarantees, guarantee obligations, pledges in favour of third parties and other securities 45
2.6.6. Loan Waivers ... 45
2.6.7. Fees or compensation for any additional services ... 45
2.6.9. Related parties ... 46
2.6.10. Shareholdings in the Company ... 46
3 **Report of the statutory auditor on the compensation report** ... 47
4 **Consolidated financial statements 2022** ... 51
4.1 Consolidated income statement for the year ended 31 December 2022 ... 52
4.2 Consolidated statement of comprehensive loss for the year ended 31 December 2022 ... 52
4.3 Consolidated balance sheet as of 31 December 2022 ... 53
4.4 Consolidated statement of changes in equity for the year ended 31 December 2022 ... 54
4.5 Consolidated statement of cash flows for the year ended 31 December 2022 ... 55
4.6 Notes to the consolidated financial statements 2022 ... 56
4.6.1 Corporate Information ... 56
4.6.2 Significant events of the period ... 57
4.6.3 Significant Accounting Policies ... 58
4.6.4 Critical Accounting Estimates And Judgments ... 68
4.6.5 Segment Information ... 70

Leclanché
Energy Storage Solutions

4.6.6 Revenues And Expenses 72
4.6.7 Earnings Per Share 79
4.6.8 Property, Plant And Equipment 80
4.6.9 Leases 81
4.6.10 Intangible Assets 83
4.6.11 Financial Assets 84
4.6.12 Inventories 86
4.6.13 Trade And Other Receivables 87
4.6.14 Share Capital 88
4.6.15 Share Based Payments 92
4.6.16 Pensions And Other Post-Employment Benefit Plans 93
4.6.17 Provisions 98
4.6.18 Convertible Loans And Warrants 99
4.6.19 Loans 104
4.6.20 Net Debt Reconciliation 107
4.6.21 Trade And Other Payables 108
4.6.22 Financial Instruments 108
4.6.23 Financial Risk Management 109
4.6.24 Commitment And Contingencies 112
4.6.25 Assets Pledged 112
4.6.26 Related Party Disclosures 112
4.6.27 Subsequent Events 114

5 Report of the statutory auditor on the consolidated financial statements 115

6 Statutory financial statements 2022 120

6.1 Balance sheet as of 31 December 2022 121
6.2 Income statement for the year ended 31 December 2022 123
6.3 General information 124
6.3.1 Corporate information 124
6.3.2 Significant events of the period 125
6.4 Accounting principles applied in the preparation of the financial statements 125
6.4.1 Basis of preparation 125
6.4.2 Loans and receivables 125
6.4.3 Inventories 126
6.4.4 Recognition of revenue 126
6.4.5 Sale of goods 127
6.4.6 Projects 127
6.4.7 Licence sale 127
6.4.8 Property, plant and equipment 127
6.4.9 Intangible assets 127
6.4.10 Leased assets 128
6.4.11 Reserves from capital contribution 128
6.4.12 Investments in subsidiaries and affiliates 128
6.4.13 Comparatives 128
6.4.14 Going concern 128
6.5 Details, analyses and explanations to the financial statement 129

6.5.1 Inventories 129
6.5.2 Intangible assets 129
6.5.3 Pension liabilities 129
6.5.4 Other financial assets - Warranties in favour of third parties 129
6.5.5 Assets used to secure own liabilities and assets under reservation of ownership 129
6.5.6 Shares held by Management, administrative bodies and employees 130
6.5.7 Commitments 131
6.5.8 Share capital 131
6.5.9 Significant shareholders 132
6.5.10 Other operating expenses 132
6.5.11 Impairment on financial assets 132
6.5.12 Financial income 133
6.5.13 Financial expenses 133
6.5.14 Extraordinary expenses out of period 134
6.5.15 Full Time Equivalent 134
6.5.16 Equal pay for men and women 134
6.5.17 Subsequent events occurring after the balance sheet date 134
7 Report of the statutory auditor 136
8 Contacts and Disclaimer 141

Leclanché
Energy Storage Solutions

Leclanché Group

1 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/

Unless otherwise provided by law, the Leclanché's Articles of Association or Organisational Regulations, all areas of management are fully delegated by the Board of Directors to the Executive Committee.

1.1 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 2022, the market capitalisation of the Company was kCHF 226'441 (31 December 2021: kCHF 204'470).

Leclanché S.A.'s subsidiaries, joint-ventures and associates are:

	Note	Registered offices	Country	Currency	Share capital (LOC)	Ownership interest	Consolidation
Leclanché E-Mobility SA	1	Yverdon-les-Bains	Switzerland	CHF	100'000	100%	C
Leclanché GmbH		Willstätt	Germany	EUR	270'600	100%	C
Leclanché Service GmbH	2	Willstätt	Germany	EUR	25'000	100%	C
Leclanché UK Ltd		Matlock	England	GBP	100	100%	C
Leclanché North America Inc.		Wilmington, Delaware	USA	USD	0.01	100%	C
Leclanché Canada Inc.		Victoria, British Colombia	Canada	CAD	0	100%	C
Leclanché France SASU	3	Versailles	France	EUR	2'500	100%	C
Leclanché Norway AS	4	Oslo	Norway	NOK	30'000	100%	C
Solec Power Ltd	5	Basseterre	Saint Kitts and Nevis	USD	200'000	0.0%	E
Leclanché (Saint Kitts) Energy Holdings Limited	6	Bridgetown	Barbados	USD	15'000'000	60%	E
Leclanché Singapore Pte	7	Singapore	Singapore	USD	10'000	100%	E

Consolidation: C = full consolidation method; E = Equity method

(1) Leclanché E-Mobility SA was incorporated on 13 December 2021 and is fully owned by Leclanché SA.
(2) Leclanché Service GmbH was incorporated on 28 May 2019 and is fully owned by Leclanché GmbH
(3) Leclanché France SASU was incorporated on 26 June 2020 and is fully owned by Leclanché SA
(4) Leclanché Norway AS was incorporated on 15 June 2020 and is fully owned by Leclanché SA
(5) Solec Power Ltd. (Saint Kitts) ("Solec") was incorporated on 29 March 2019. It is a project Company that will build own and operate a solar PV plant and battery energy storage system on the Caribbean Island of St. Kitts. The interest ownership of Leclanché SA was 50% at the end of 2020. In November 2021 Solec has been contributed in kind into Leclanché (Saint Kitts) Energy Holdings Limited.
(6) Leclanché (Saint Kitts) Energy Holdings Limited was incorporated on 26 October 2021 and is classified as joint arrangements (joint ventures). The contractual agreements between the Company and the other shareholders and the voting rights and other control mechanism embedded therein establish joint control as consent of all parties to the joint venture is needed to direct the relevant activities.
(7) Leclanché Singapore Pte was incorporated 9 June 2022 and it is fully owned by Leclanché SA

Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge was incorporated on 29 September 2018. During the year 2022 ELEPL was transferred to Leclanché E-Mobility SA. The Joint Venture has been exited on 4 November 2022 and the proceeds kUSD 2'607 were recorded under Leclanché E-Mobility SA.

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 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 special low voltage battery systems.

There are no other companies belonging to the Group than those listed above.

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 2022.

Direct / Indirect Shareholder	Beneficial owner / Persons that can exercise the voting rights at their own discretion	Number of Existing Shares	Voting rights (%)[1]	Number of conversion and purchase rights	Conversion and purchase rights (% of total voting rights)	Total purchase positions (existing shares and total conversion and purchase rights as a % of total voting rights)
Strategic Equity Fund - E-Money Strategies Strategic Equity Fund - Multi Asset Strategy Strategic Equity Fund - Renewable Energy (2)	Pure Capital S.A.	202’272’284	45.58%	-	-	-
AM Investment (2)	Pure Capital S.A.	141’799’080	31.88%	-	-	-

[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 44’481’491, divided into 444’814’910 fully paid-in registered shares each with a nominal value of CHF 0.10).

[2] These disclosure notifications were published on 10 January 2023.

One (1) disclosure notification according to Article 120 & seq. of the FMIA was published by the shareholders of the Company in 2021. This notification (including further details on the above-mentioned notifications) can be accessed at:

https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

The number of shares held by the relevant shareholders may have changed and/or new shareholders with more than 3% of the voting rights may have acquired shares in the Company since 31 December 2022.

Leclanché Energy Storage Solutions

Cross-shareholdings

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

1.2 Capital Structure

Share capital

As of 31 December 2022, the issued share capital of the Company amounts to CHF 44’481’491, divided into 444’814’910 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 CHF 16’759’854.40 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 CHF 600'000 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. 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 2021, 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 CHF 16’159’854.40, by issuing a maximum of 161’598’544 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 3^{quater} of the Articles of Association, the Board of Directors is authorised until 30 June 2024 to increase the share capital up to a maximum amount of CHF 16'759'854.40 through the issue of a maximum of 167'598'544 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; or
7. For issuing new shares if the issue price of the new shares is determined by reference to the market price; or
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; or

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 16 September 2020, SEF-LUX[1] converted into equity the equivalent amount of kCHF 50'928 due under the outstanding SEF-LUX 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 SEF-LUX 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).

- On 29 March 2021, SEF-LUX converted into equity the equivalent amount of kCHF 33'783 due under the 2020 WCL and the four SEF-LUX loans: (i) Euro Bridge Loan Agreement in the amount of kCHF 2'841; (ii) 2018 Bridge Loan Agreement in the amount of kCHF 3'000; (iii) 2019 Bridge Loan Agreement in the amount of kCHF 1'270 and (iv) eTransport Bridge Loan Agreement in the amount of kCHF 23'500. 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 30 June 2021, the shareholders approved at the Ordinary General Meeting ("**AGM 2021**") as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. The conversion was implemented on 9 September 2021. SEF-LUX converted kCHF 10'500 under the eTransport Bridge Loan Agreement, Golden Partner Holding Co S.à r.l. converted kCHF 10'700 under the Trading Finance Loan 2021 Agreement and Golden Partner SA converted kCHF 2'145 under the GP-LSA Loan Agreement Nice & Green Proceeds and kCHF 6'338 for facilitation and arrangement fees incurred pursuant to the terms of a facilitation agreement dated 24 March. As part of the conversion of debt into equity, the

[1] SEF-LUX refers to: Strategic Equity Fund SCA Sicav RAIF – Renewable Energy, Strategic Equity Fund SCA Sicav RAIF – E-Money, Strategic Equity Fund SCA Sicav RAIF – Multi Asset Strategy, Golden Partner Private Equity FOF, AM Investment S.C.A. SICAV - FIS - R&D Sub-Fund, AM Investment S.C.A. SICAV - FIS - Liquid Assets Sub-Fund, AM Investment S.C.A. SICAV - FIS - Illiquid Assets Sub-Fund collectively are in aggregate the main shareholder of Leclanché, hereunder referred to as "SEF-Lux". Pure Capital S.A. being the beneficial owner as per the reporting platform of SIX Exchange Regulation AG's Disclosure Office - Date of publication of the most recent notification: 10 January 2023).

Company issued 35'518'260 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 September 2021.

- On 17 November 2022, SEF-LUX, Golden Partner SA, Golden Partner Holding Co. Sàrl, Golden Partner Shanghai converted into equity the equivalent amount of kCHF 41’340 due under the following loans and outstanding interests:
  a) AM Investment S.C.A. SICAV- FIS – R&D Sub-Fund: kCHF 1’608 representing due interests up to 30 September 2022 under a loan agreement with the Company dated 25 June 2021 (so-called AM St. Kitts Construction Loan);
  b) AM Investment SCA SICAV-SIF – Illiquid Assets Sub-Fund: kCHF 3’297 under a loan agreement with the Company dated 31 May 2021 (so-called AM N&G Proceeds Loan) and related interests up to 30 September 2022 for kCHF 361;
  c) AM Investment SCA SICAV-SIF – Liquid Assets Sub-Fund: kCHF 20’400 under a loan agreement with the Company dated 4 February 2022 (so-called Working Capital Bridge Loans) and related interests up to 30 September 2022 for kCHF 1’300;
  d) Golden Partner FOF Management Sàrl: kCHF 9’600 under three loan agreements dated 18 October 2021, 22 November 2021 and 13 December 2021 (so-called GPFOF Bridge Loan) and related interest up to 30 September 2022 for kCHF 817;
  e) Golden Partner Holding Co. Sàrl: kCHF 493 representing due interests under extinguished loan agreement dated 4 February 2021 (so-called Trading Finance Loan 2021);
  f) Golden Partner Shanghai: kCHF 955 representing arrangement fees under loan agreement dated 17 June 2022, 25 June 2022 (so-called Bridge Loans AM) and under loan agreements dated 19 October 2021, 23 November 2021 and 14 December 2021 (so-called GPFOF Loans Agreements);
  g) Golden Partner SA: kCHF 28 representing due interests under extinguished loan agreement dated 18 February 2021 (so-called GP N&G Loan Agreement);
  h) Strategic Equity Fund – E Money Strategies (EMS): kCHF 605 representing due interests under extinguished loan agreement dated 30 June 2018 (so-called Facility B/C Loans), dated 10 August 2018 (so called ROFO Loans), dated 7 June 2019 (so-called WCL 2019 Loans) and dated 27 December 2019 (so-called WCL 2020 Loans); and
  i) Strategic Equity Fund SCA SICAV FIAR (renewable Energy – RE): kCHF 1’875 representing due interests under extinguished loan agreements dated 30 June 2018 (so-called Facility B/C Loans), dated 10 August (so-called ROFO Loans), dated 7 June 2019 (so-called WCL 2019 Loans), dated 27 December 2019 (so-called WCL 2020 Loans) and dated 5 December 2018 (so-called CL and CL Extension Loans).

  As part of the conversion of debt into equity, the Company issued 109’617’821 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2022.

Shares

All 444’814’910 shares of the Company are registered shares with a nominal value of CHF 0.10 each and fully paid-in. 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 SA 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 2022, no option was granted under the CSO Plan (2021: nil). As of 31 December 2022, 1'850'000 options were outstanding (2021: 3'545'000 options), corresponding to 0.42% of the issued share capital.

Options granted under the CSO Plan as of 31 December 2022:

	2018 attribution	2019 attribution
Number of options granted	1,565,000	1,755,000
Grant date	3.12.18	20.09.19
Vesting period	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	03/12/25	20/09/26
Share price at grant date	1.88	1.56
Exercise price	1.50	1.26
Cap	6.00	5.04
Volatility (annualized)	55.14%	54.97%
Risk free interest rate (annualized)	0.00%	0.00%
Fair Value of the option at grant date	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 were fully exercised from 2015 to 2017.
- The Series B Warrants have not been exercised yet, 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.

No Warrants were exercised in 2022, 2021 and 2020. As of 31 December 2022, 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 SA signed a warrant agreement (the “**Yorkville Warrant 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. 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 SA, Yorkville is entitled to receive one Leclanché SA 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 SA 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. No additional warrants have been issued in 2021 and in 2022.

WCBL Warrants

As mentioned under above section A (Convertible loans), on 4 February 2022, the Group signed a Working Capital Bridge Loan (“WCBL”) Term Sheet with AM Investment S.C.A. SICAV - SIF and Golden Partner SA. Subject to the terms of the WCBL term sheet, as a compensation attached to the WCBL, the Company agrees to provide the lenders and investment advisors with a total of 10 million warrants to purchase Leclanché SA shares. These warrants have an exercise price of the prevailing 60-day VWAP of the execution date of the WCBL Tranche 1 loan agreement (CHF 0.6360). The warrants have a maturity of two years from the execution date of the WCBL agreement (being 4 February 2022). These warrants have been valued at fair value at grant date (kCHF 2’448) using the Binomial Model.

1.3 Loans

A. Convertible loans

Facility A/B/C/D (“**SEF-LUX 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 (“**BMS**”), 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).

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, 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 SEF-LUX 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, SEF-LUX 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, SEF-LUX 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, SEF-LUX 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 SEF-LUX 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 SEF-LUX 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, SEF-LUX 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, SEF-LUX became the lender of the Company under the Facilities B/C/D1/D2 as amended from time to time (collectively "**SEF-LUX Convertible Loan**").

On 4 December 2018, an Amendment Agreement was signed between SEF-LUX and the Company. The Parties agreed that the conversion price shall be CHF 1.50 per share. SEF-LUX 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 2021, interests for kCHF 45 remained outstanding under Facility B and Facility C. These interests of kCHF 45 were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital).

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

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

On 19 February 2018, SEF-LUX 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 CHF 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, SEF-LUX 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 2021, kCHF 72 of interest remained outstanding under the CL and CL extension. These interests of kCHF 72 were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital).

Right of first refusal loan ("**SEF-LUX ROFO Agreement**")

On 16 March 2018, Leclanché SA and SEF-LUX signed a certain financing agreement not included in the aforementioned Funding Agreement, which grants SEF-LUX a right of first refusal facility of up to kCHF 50'000 (the "**SEF-LUX 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 SEF-LUX ROFO Agreement (principal and interests).

On 8 January 2020, KCHF 2'000 were drawn down under the SEF-LUX ROFO Agreement. On 16 September 2020, the remaining amount of kCHF 11'500 under the ROFO was fully converted into equity.

As of 31 December 2021, interests for kCHF 630 remained outstanding under the ROFO. kCHF 532 out of these interests of kCHF 630 were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section Capital Structure / Change in share capital). As of 31 December 2022, interests for kCHF 98 remain outstanding under the ROFO loan.

2019 Working Capital Line ("**2019 WCL**")

On 26 March 2019, Leclanché SA, Golden Partner Shanghai and Golden Partner SA signed a Facilitation Agreement ("**2019 Facilitation Agreement**"). Amongst others, Golden Partner Shanghai and Golden Partner SA agreed to provide Leclanché SA 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 the request for binding commitment was signed by the parties stating that under a Third-Party Agreement a third-party investor (including SEF-LUX but not Golden Partner Shanghai and Golden Partner SA) 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 SEF-LUX.

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 2021, interests for kCHF 1'146 remained outstanding under the 2019 WCL. These interests of kCHF 1'146 were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital).

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

The external alternative investment fund manager of SEF-LUX agreed to provide Leclanché SA with a CHF 25 million convertible loan (the "2020 WCL") until 31 March 2020, with a 31 December 2021 maturity in accordance with a Facilitation Agreement ("2020 Facilitation Agreement") signed on 23 December 2019 by Leclanché SA, Golden Partner (Shanghai) Asset Management Co. Ltd and Golden Partner SA.[2]

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.

On 30 March 2021, the outstanding amount of kCHF 3'164 has been converted. Consequently, the totality of the 2020 WCL has been converted into equity.

As of 31 December 2021, interests for kCHF 1'091 remained outstanding under the 2020 WCL kCHF 685 out of these interests of kCHF 1'091 were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital). As of 31 December 2022, interests for kCHF 406 remain outstanding under the 2020 WCL loan.

[2] This paragraph was amended on 23 June 2023.

<u>Yorkville convertible loan</u>

On 14 February 2020, the Company signed an agreement with Yorkville, providing for an unsecured US dollars convertible loan facility with a maximum ceiling of kCHF 39’000 (kUSD 40'000) (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 2022, there is no outstanding amount under the Yorkville convertible loan (as of 31 December 2021: kCHF 0).

<u>Working Capital Bridge Loan (“WCBL”) - AM Investment S.C.A. SICAV - FIS and Golden Partner SA</u>

On 4 February 2022, the Group signed a Working Capital Bridge Loan (“WCBL”) Term Sheet with AM Investment S.C.A. SICAV - FIS and Golden Partner SA. Through this agreement, amongst other, the parties have agreed to provide Leclanché SA with an aggregate financing of kCHF 20’400 between January and April 2022. This loan bore interest of 12% per annum.

The following tranches were paid:

- On 24 January 2022: kCHF 5’000
- On 24 February 2022: kCHF 5’000
- On 21 March 2022: kCHF 7’500
- On 26 April 2022: kCHF 2’900

On 22 February 2022, AM Investment S.C.A. SICAV - FIS signed a subordination agreement with the Group, in which it agreed to subordinate kCHF 30’240 of existing and future claims against the Group.

SEF-LUX converted the various loans granted in 2022 for a total amount of kCHF 21’700 (principal plus accrued interest of kCHF 1’300) on 17 November 2022, in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million (see Section 2. Capital Structure / Change in share capital). As of 31 December 2022, interests for kCHF 92 remain outstanding under the WCBL loans.

The “WCBL loans” have been converted with a 25% discount at a conversion price of 75% of the VWAP calculated over the 10 days preceding 2nd September 2022.

<u>AM Investment S.C.A. SICAV - FIS – liquid Assets Sub-Fund</u>

On 16 June 2022, AM Investment S.C.A. SICAV - FIS – Liquid Assets Sub-Fund granted a financing of kCHF 7’000 to Leclanché SA, as a short-term convertible bridge loan. This loan has a maturity date to 15 June 2023 and bears interest at a rate of 8% per annum. This loan has been subordinated in full.

As of 31 December 2022, principal of kCHF 7’000 and interests of kCHF 300 remain outstanding on the AM Investment S.C.A. SICAV - FIS – Liquid Assets Sub-Fund.

<u>Strategic Equity Fund SCA Sicav RAIF</u>

On 19 July 2022, Strategic Equity Fund SCA Sicav RAIF – Renewable Energy granted a financing of kCHF 5’600, following the convertible loan agreement signed between the parties on 13 July 2022. This loan has a maturity date to 13 January 2023 and bears interest at a rate of 8% per annum. This loan has been subordinated on 13 July 2022.

As of 31 December 2022, principal of kCHF 5’600 and interests of kCHF 202 remain outstanding on the Strategic Equity Fund SCA Sicav RAIF – Renewable Energy.

On 29 August 2022, Strategic Equity Fund – Renewable Energy granted a financing of kCHF 3’400, following the convertible loan agreement signed between the parties on 24 August 2022. This loan has a maturity date to 25 August 2025 and bears interest at a rate of 8% per annum. This loan has been subordinated in full on 21 September 2022.

As of 31 December 2022, principal of kCHF 3’400 and interests of kCHF 96 remain outstanding on the Strategic Equity Fund – Renewable Energy.

On 28 September 2022, Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy granted a financing of kCHF 3’741, following the convertible loan agreement signed between the parties on 26 September 2022. This loan has a maturity date to 27 September 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 3’741 and interests of kCHF 78 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy.

On 28 October 2022, Strategic Equity Fund c/o Strategic Equity Fund – E-Money granted a financing of kCHF 1’000, following the convertible loan agreement signed between the parties on 26 October 2022. This loan has a maturity date to 26 October 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 1’000 and interests of kCHF 14 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – E-Money.

On 2 November 2022, Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy granted a financing of kCHF 11’000, following the convertible loan agreement signed between the parties on 26 October 2022. This loan has a maturity date to 26 October 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 11’000 and interests of kCHF 159 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy.

On 30 December 2022, Strategic Equity Fund c/o Strategic Equity Fund – Multi Asset Strategy granted a financing of kCHF 500, following the convertible loan agreement signed between the parties on 29 December 2022. This loan has a maturity date to 29 December 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 500 and interests of kCHF 0.2 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – Multi Asset Strategy.

B. Other loans

SEF-LUX loans

On 30 March 2017, a bridge loan of kCHF 2’704 (kEUR 2’500) was granted by SEF-LUX (“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 SEF-LUX 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 SA and AM Investment to extend the maturity of the loan to 31 December 2021. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making this loan convertible. This loan has been fully converted on 30 March 2021. As of 31 December 2022, only interests for kCHF 253 remain outstanding under the SEF-LUX EUR Bridge Loan (as of 31 December 2021: kCHF 253).

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 SA and AM Investment to extend the maturity to 31 December 2021. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making this loan convertible. This loan has been fully converted on 30 March 2021. As of 31 December 2022, only interests for kCHF 218 remain outstanding under the SEF-LUX CHF 3 million Bridge Loan (as of 31 December 2021: kCHF 218).

On 23 April 2019, a bridge loan in the amount of kCHF 1’270 was granted by SEF-LUX 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 SA and AM Investment to extend the maturity of this loan to 31 December 2021. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making this loan convertible. This loan has been fully converted on 30 March 2021. As of 31 December 2022, only interests for kCHF 186 remain outstanding under the SEF-LUX CHF 1.270 Bridge Loan (as of 31 December 2021: kCHF 186).

<u>e-Transport Bridge Loan</u>

On 4 September 2020, a bridge loan in the amount of kCHF 34’000 was granted by SEF-LUX to the Company ("e-Transport Bridge Loan"), bearing interest of 9 to 12% per annum. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making convertible the kCHF 23’500 already drawn down under the e-Transport Bridge Loan at this date. This amount has been fully converted on 30 March 2021.

The remaining kCHF 10’500 had been drawn down during 2021 The e-Transport bridge loan became convertible through the signature of a conversion agreement on 30 August 2021 with a conversion at 85% of the prevailing 60-day VWAP. The conversion took place through an ordinary capital increase on 9 September 2021.

As of 31 December 2022, interests for kCHF 1’325 remained outstanding under the e-Transport Bridge Loan (as of 31 December 2021: kCHF 1’325).

<u>Trading Finance Loan 2021</u>

In order to provide the Company with the amount of financing it requires to continue as a going concern, Golden Partner SA through its related party Golden Partner Holding S.à r.l. – Luxembourg has granted the Company a loan (“Trading Finance Loan 2021”) in the amount of kCHF 10’700. On 4 February 2021, Golden Partner Holding S.à r.l and the Company signed the Trading Finance Loan 2021 Agreement.

As of 31 December 2021, the Company had received the totality of the loan for kCHF 10’700. The Trading Finance Loan 2021 had become convertible through the signature of a conversion agreement on 30 August 2021 with a conversion at 85% of the prevailing 60-day VWAP. The conversion took place through an ordinary capital increase on 9 September 2021.

As of 31 December 2021, interests for kCHF 479 remained outstanding under the Trading Finance Loan 2021. These interests, amounting to kCHF 493 at conversion date, were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital).

<u>Nice & Green Share Purchase Program (“**SPP**”) – Golden Partner SA</u>

On 18 February 2021, Golden Partner SA and the Company have signed a loan agreement, the "**GP-LSA Loan Agreement Nice & Green Proceeds**", regarding the grant of a loan in an amount of 80% of the net proceeds from the sale of certain Company shares held by the Lender and in an amount of no less than kCHF 32’900.

The GP-LSA Loan Agreement Nice & Green Proceeds has become convertible through the signature of a conversion agreement on 30 August 2021 with a conversion at 85% of the prevailing 60-day VWAP. The conversion took place through an ordinary capital increase on 9 September 2021.

Nice & Green Share Purchase Program (“SPP”) – AM Investment

On 31 May 2021, AM Investment SCA, SICAV-SIF and the Company signed a loan agreement, the "**AM-LSA Loan Agreement Nice & Green Proceeds**", regarding the grant of a loan in an amount of 90% of the net proceeds from the sale of certain Company shares held by the Lender. This loan bore interest of 3% per annum. This loan became convertible through the signature of a conversion commitment letter on 2 September 2022.

This loan, principal for kCHF 3’297, as well as the accrued related interests amounting to kCHF 361 (31 December 2021: kCHF 28), have been fully converted on 17 November 2022, in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million (see Section 2. Capital Structure / Change in share capital).

The “AM-LSA Loan Agreement Nice & Green Proceeds” has been converted with a 15% discount at a conversion price of 85% of the VWAP calculated over the 10 days preceding 2nd September 2022.

GPFOF Bridge Loans

On 18 October 2021, 22 November 2021 and 10 December 2021 respectively, three bridge loan agreements (“**GPFOF Bridge Loans**”) have been signed between the Company and Golden Partner FOF Management Sàrl (“**GPFOF**”) granting to the Company kCHF 2’500, kCHF 3’000 and kCHF 4’100 respectively. On 14 February 2022 and 17 May 2022 respectively, Golden Partner FOF Management Sàrl signed subordination agreement with the Group, in which it agreed to subordinate kCHF 5’500 and kCHF 4’100 respectively of existing claims against the Group. The three above GPFOF Bridge Loans bore interest of 9 to 12% per annum. These three bridge loans became convertible through the signature of a “Conversion agreement” (“WCBL Term Sheet) on 4 February 2022. These three loans, as well as accrued related interests amounting to kCHF 817, have been fully converted on 17 November 2022 in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million (see Section 2. Capital Structure / Change in share capital). As of 31 December 2022, interests for kCHF 16 remain outstanding under the GPFOF bridge loans.

The “GPFOF bridge loans” have been converted with a 20% discount at a conversion price of 80% of the VWAP calculated over the 10 days preceding 2nd September 2022.

AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund

On 14 June 2022, AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund granted a financing of kCHF 2’500 to Leclanché SA, as a short-term bridge loan. This loan has a maturity date to 31 December 2022 and bears interest at a rate of 8% per annum. This loan has been subordinated in full.
As of 31 December 2022, principal of kCHF 2’500 and interests of kCHF 103 remain outstanding under the AM Investment – illiquid Assets Sub-Fund.

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 SA 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 is secured, thus benefiting from the security package of the same rank (pari passu) as that granted to secure certain debts to SEF-LUX. 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 2022, principal of kCHF 4’947 (as of 31 December 2021: kCHF 5’177) and interests of kCHF 803 (as of 31 December 2021: kCHF 371) 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 September 2027 as maturity date (an extension of the maturity was granted by BCV on 29 March 2021), is subject to quarterly capital repayment of kCHF 22 (since 31 March 2022). It bore no interest until 31 March 2023. Since 1 April 2023, it will bear an annual interest rate of 1.5%.

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 September 2027 as maturity date (an extension of the maturity was granted by BCV on 19 March 2021), is subject to quarterly capital repayment of kCHF 191 (since 31 March 2022). It bore an average annual coupon of 0.7% until 31 March 2023. Since 1 April 2023, it will bear an annual interest rate of 2.0%.

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 2022 (as of 31 December 2021: kCHF 0).

St Kitts construction loan

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.

On 25 June 2021, this loan has been terminated and replaced by a loan established in USD (USD 24’000’000) for an equivalent of kCHF 21’943, “**the St Kitts construction loan**”, with a maturity date of 25 June 2041 and with annual interest rate at 7%.

As of 31 December 2021, interests for kCHF 775 remained outstanding. These interests, amounting to kCHF 1’608 at conversion date, were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital).

As of 31 December 2022, interests for kCHF 727 remain outstanding under the St-Kitts construction loan.

Copernic loan

Under the terms of the Copernic Building Y-Parc lease agreement signed on 22 June 2020 and amended on 16 March 2021, Leclanché E-Mobility SA has contracted a kCHF 4’300 loan payable over 15 years to finance leasehold improvements and other installation costs, the “**Copernic loan**”. This loan bears an annual interest rate of 5%.

As per contract, the repayment of the Copernic loan has started in June 2021.

C. Securities

All SEF-LUX convertible loans and loans presented above are secured as follows:

For the SEF-LUX loan agreements dated 16 June 2022, 24 August 2022, 26 September 2022, 26 October 2022 and 29 December 2022, all shares in Leclanché E-Mobility SA, being 10’000’000 registered shares with a par value of CHF 0.01 each, representing 100% of the share capital and voting rights, are being pledged in the first rank according to a Share Pledge Agreement dated 16 June 2022, in the second rank according to a Share Pledge Agreement dated 24 August 2022, 26 September 2022 and 26 October 2022 and in the fifth rank according to a Share Pledge Agreement dated 29 December 2022 (each with SEF-EMS, SEF-RE and SEF-MAS). Leclanché, as pledgor, secures for the payment and discharge for any and all monies, liabilities and all claims and obligations the pledgee may be entitled to or have now or in the future against the issuer under or in relation to the loan agreement, including all interest and commissions due or to become due thereon, as well as all costs, fees and expenses, including court or reasonable out-of-court cost and reasonable attorney's expenses arising in connection therewith or with the protection, preservation, or realisation of the security granted.

The SEF-LUX loan agreement dated 13 July 2022 is secured by a first ranking pledge all of the shares in Leclanché (St. Kitts) Energy Holdings Limited representing 60% of the shares and all 60 Class A shares in Leclanché (St. Kitts) Energy Holdings Limited according to a share pledge agreement dated 13 July 2022. Leclanché SA, as pledgor, secures for the payment for all monies, liabilities and all claims and obligations the pledgee may be entitled to have or have now or in the future against the issuer under or in relation to the loan agreement, including all interest and commissions due or to become due thereon, as well as all costs, fees and expenses, including court or reasonable out-of-court cost and reasonable attorney's expenses arising in connection therewith or with the protection, preservation, or realisation of the security granted.

A security package, which secured some earlier loans (SEF-LUX convertible loans), consisting of (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 the various convertible and non-convertible Loans, was released on 7 March 2022 with the security release agreement (*Vereinbarung zur Freigabe von Sicherheiten*) and on 7 March 2022 with the Swiss release agreement.

1.4 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 of Directors. 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[3]

Name	Nationality	Position	Initially appointed	Term expires
Stefan A. Müller (1)	Swiss	Chairman, non-executive member	1998	2022
Tianyi Fan (1)	Chinese	Non-executive member	2017	2022
Toi Wai David Suen (1)	Chinese	Non-executive member	2018	2022
Axel Joachim Maschka (1)	German	Non-executive member	2018	2022
Benedict Fontanet (1)	Swiss	Non-executive member	2019	2022
Christophe Manset	Belgium	Non-executive member	2020	2023
Lluís M. Fargas Mas (1)	Swiss/Spanish	Non-executive member	2019	2022
Alexander Rhea (2)	French	Chairman, non-executive member	2022	2023
Shanu (Ali) Sherwani (2)	Luxembourg	Non-executive member	2022	2023
Bernard Pons (2)	Belgian	Non-executive member	2022	2023
Marc Lepièce (2)	Belgian	Non-executive member	2022	2023

(1) **Exit from Board of Directors**

Stefan Müller, Tianyi Fan, Axel Joachim Maschka, Toy Wai David Suen, Benedict Fontanet, Lluís M. Fargas Mas, stepped down on September 30, 2022.

(2) **New Entries in Board of Directors :**

Appointed on September 30, 2022 Alexander Rhea, Shanu (Ali) Sherwani, Bernard Pons, Marc Lepièce.

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 Directors 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[4], Chinese, born in 1988. Mr. Fan has extensive experience in project investments with a particular focus on due diligence and corporate risk control. He has been actively following Leclanché SA more recently on the identification of potential partners in the lucrative Chinese EV and stationary storage markets. Previously, 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

[3] This paragraph was amended on 23 June 2023.
[4] This paragraph was amended on 23 June 2023.

Unilever in China. Mr. Fan has a Bachelor Degree in Physics from Fudan University. Mr. Fan joined the Leclanché SA Board of Directors 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 SA Board of Directors in May 2019.

Christophe Manset, Belgian, born in 1985, has over 10 years of experience in the asset management industry in Luxembourg. Until recently he was 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 SA Board of Directors on the 30 June 2020.

Alexander Rhea[5], French, born in 1965, has been an active investor for over 25 years in fast growing technology and industrial companies in both Europe and the US. From 2020 to 2022, Alexander was the interim CEO of IOC Group and a Managing Partner at New Angle Capital Partners from 2014 to 2022. Previously, Alexander Rhea was a partner at PwC Luxembourg, where he was in charge of initiating a key pan-European project within the PwC network to help SME's go global. From 2000 to 2011, Alexander was the Founding Managing Partner of Pyramid Technology Ventures, a transatlantic venture capital fund investing in both Europe and Silicon Valley. From 1995 to 2000, Alexander Rhea started his career as an Investment Director at Iris Capital. Alexander Rhea received his MBA from HEC-Paris, whilst being an electrical and computer sciences engineer by background.

Ali (Shanu) Sherwani, Citizen of Luxembourg, born in 1975 advises private equity and real estate funds and mid-sized businesses on fund formation, portfolio management, investor relations, as well as M&A and valuation. He was previously the Conducting Officer for Distribution and Valuation at Castik Capital, where he also led Investor Relations. Before that, he worked at Threestones Capital as the Head of Business Development and Investor Relations. He has a wealth of experience in Corporate Finance and Private Equity, having assisted on several major M&A deals in Luxembourg and abroad. Mr. Sherwani joined the Leclanché SA Board of Directors on the 30 September 2022.

Bernard Pons, Belgian, born in 1977 is an experienced strategy analyst in private equity, real estate, asset backed securities and risk management. Bernard Pons is the Co-Founder and Managing Partner of Pure Capital S.A. an asset management company based in Luxemburg. Prior to this role, he was as a Senior Portfolio Manager for nearly nine years at Kredietbank SA, also based in Luxemburg.Mr. Pons joined the Leclanché SA Board of Directors on the 30 September 2022.

Marc Lepièce, Belgian, born in 1956 is a senior consultant in management, strategy, business development M&M and change management. Marc Lepièce manages the consultancy firm "Lepièce & Partners" which he created with the goal of transferring knowledge and experience to SMEs wishing to accelerate their growth or optimize their profitability. Previously, he worked at Tractebel for 36 years, including 16 as a member of the Management Committee. He was responsible for strategy, marketing and international development in Latin America, Asia and the Middle East before taking over the management of a Business Unit active in Europe, India and Southeast Asia.Mr. Lepièce joined the Leclanché SA Board of Directors on the 30 September 2022.

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)

[5] This paragraph was amended on 23 June 2023.

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 of Directors 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 2022, due to the restrictions imposed by the Covid-19 pandemic, the Board of Directors held one physical meeting, twenty-eight telephone conferences and organised one circular resolution.

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. Shanu (Ali) Sherwani (chairman), Christophe Manset and Marc Lepièce. 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 2022, the Appointments and Remuneration Committee held three telephone meetings.

The **Audit and Risk Management Committee** currently consists of MM. Shanu (Ali) Sherwani (chairman), Bernard Pons and Christophe Manset. 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 2022, the Audit and Risk Management Committee held two meetings through telephone conferences.

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 Control Manager, a risk analysis is processed regularly: risks are assigned to the respective Risk Owners from various departments who are responsible for their mitigation and a detailed action plan , Risks with the highest criticality (likelihood x impact) along with possible measures to prevent and mitigate potential damages, are presented to the Audit and Risk Management Committee once per year. The Enterprise Risk Management is an ongoing process that started in 2016 and from 2021 risk assessment process has been managed in the new ERM software and according to ISO 31000:2018 ERM framework. The latest update was made in October 2022.

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.

1.5 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 (1)	French	Chief Executive Officer	2014
Hubert Angleys (2)	French	Chief Financial Officer	2016
Pierre Blanc	Swiss	Chief Executive Officer Leclanché SA	2022/ 2006
Philip Broad	British	Chief Technology and Industrial Officer Chief Executive Officer Leclanché E-Mobility SA Chief Sales and Development Officer Leclanché SA	2022/2019
Pasquale Foglia	Swiss/Italian	Chief Financial Officer Leclanché SA	2023

(1) stepped down as CEO on 31 October 2022 :

(2) left the Company on 31 August 2022

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. Anil Srivastava has stepped down on 31 October 2022.

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. Hubert Angleys left the Company at 31 August 2022.

Pierre Blanc, Swiss, born in 1970, joined the Company in 2000. He is Chief Technology and Industrial Officer of Leclanché SA. His previous positions include Development Manager of primary cells and Head of the R&D department at Leclanché SA between 2004 and 2006. Prior to that, from 2000 to 2004, Mr. Blanc was Chemical Engineer at Leclanché SA 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.

Philip Broad, British, born in 1971, joined Leclanché SA in 2018 and was appointed Executive Vice President of e-Transport Solutions in March 2019. His previous position at Leclanché SA 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.

Pasquale Foglia, Swiss/Italian, born in 1971, joined the Company in 2022. He has 25+ years of international experience within the Chief Financial Officer disciplines in public and private company setting. He has worked for Procter & Gamble, Duracell (a Berkshire Hathaway Company) and Unilabs, through a rich variety of roles at local, regional, and global level. During his career, he has driven and executed strategic planning, cost optimization initiatives, business controlling and reporting across multiple countries as well as deepening insights into financial performance for commercial, operations and supply chain teams. In his last assignment with Unilabs, he assisted the Swiss Medical Diagnostic group to complete the Private Equity exit process and the upgrade of their Management Information System. Mr. Foglia brings hands-on experience in executing complex finance transformation projects, leading and developing people, and enhancing insights from analytics platforms. Mr. Foglia holds a master's degree in Business & Economics from LUISS University in Rome. Mr. Foglia joined Leclanché SA in August 2022 as Senior Vice President Finance, acting Chief Financial Officer.

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)

Karl Bohman has passed away in January 2021. His biography is available in the Corporate Governance section of the 2020 Annual Report (https://www.leclanche.com/wp-content/uploads/2021/06/2020_Consolidated-Annual-Report_Leclanche_vf.pdf)

Fabrizio Marzolini has stepped down from the Executive Committee in July 2021. His biography is available in the Corporate Governance section of the 2020 Annual Report (https://www.leclanche.com/wp-content/uploads/2021/06/2020_Consolidated-Annual-Report_Leclanche_vf.pdf)

Management contracts

As of 31 December 2022, 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”.

1.6 Compensation, Shareholdings and Loans

See Compensation Report, section 2.

1.7 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. If the Company does not have an independent shareholder representative, the Board of Directors appoints one for the next general shareholders' meeting.

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.

1.8 Change of Control and Defence Measures

Duty to submit an offer

Article 135 of the Swiss Financial Market Infrastructure Act ("**FinMIA**") 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 then applicable Swiss Stock Exchange Act (SESTA) (now regulated in FMIA) 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 at 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 is back at 49%.

On 9 October 2018, following the agreement in principle between the Company and SEF-LUX and in view of the envisaged Debt-to-Equity-Conversion which would result in a SEF-LUX shareholding of approx. 64.3%, SEF-LUX has filed an application with the Swiss Takeover Board ("**STOB**") for exemption from the requirement to make a public takeover offer upon SEF-LUX 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 SEF-LUX converted kCHF 54,700 of its debt, causing them to raise their shareholding of Leclanché SA to 64.3%.

Further, on September 3, 2021 the Board of Directors approved the 2021 Employee Retention Plan, granting certain employees, including employees who are member of the Executive Committee, stock options, which will vest after a certain vesting period or when there is a change of control, whatever comes first. Whilst the Company has informed the concerned employees about the retention plan on September 17, 2021, the stock options have by December 31, 2022 not yet been formally granted to the employees.

1.9 Auditors

The Company's statutory auditor are MAZARS SA, Avenue Gratta-Paille 2, CH-1018 Lausanne, since 2022. At the Annual General Meeting of 30 September 2022, the shareholders appointed MAZARS SA, in Lausanne, as the statutory auditor for the financial year 2022. Mr. Michael Ackermann holds the position of auditor in charge since

2022. As required by law, the lead auditor has to be changed every seven years. In 2022, the fees of the Mazars for the audit of the consolidated and statutory financial statements of the Leclanché Group amounted to kCHF 317 (for PwC the fees for 2021 financial audit amount to kCHF 637).

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.

1.10 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.

1.11 Quiet periods

According to the Company's insider trading policy, the Company and Blocked Persons (meaning (i) members of the Board of Directors and the Executive Management and the CFO, as well as their assistants, secretaries and other personal staff or (ii) any other any other person whom the CEO or CFO may designate, if such person is involved in preparing, analysing, reviewing or communicating financial results of LECN or have access to such information) may not deal in securities of the Company or make respective recommendations to any other persons during the following periods, unless prior written permission has been obtained from the Chairman or the CEO:

- from 1 March until the lapse of five SIX trading day following the public release of the Company's annual results; and
- from 1 August until the lapse of five SIX trading day following the public release the Company's semi-annual results.

The Chairman and the CEO may each impose a so-called "extraordinary blocked period", where they consider it necessary or appropriate, including where inside information exists or may arise or where restrictions are required or appropriate to comply with regulatory or other requirements. If the disclosure of an ad-hoc announcement is postponed the CEO or the Chairman must always impose an extraordinary blocked period from the day the decision is made to postpone the ad-hoc announcement until one trading day following the release of the ad-hoc announcement. When an extraordinary blocked period is imposed, the Chairman and CEO must determine the employees of the Company and other persons involved by the Company (such as third party advisers), who shall be subject to the extraordinary blocked period and the restrictions that will apply (so-called "Special Blocked Persons"). The extraordinary blocked periods last until they have been terminated by the Chairman or the CEO. During the extraordinary blocked periods, the company or the Special Blocked Persons must not deal in securities of the Company or make respective recommendations to any other person during an extraordinary blocked period.

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

Pierre Blanc – CEO / Pasquale Foglia – CFO
T : +41 (0) 24 424 65 00
E-Mail : invest.leclanche@leclanche.com

Leclanché Group

2 Compensation Report 2022

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.

2.1. 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

2.2. 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.

2.3. Compensation system

2.3.1. 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.

2.3.2. 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 bonuses have been paid in the second quarter of 2022, the 2019 and 2020 bonuses have been paid in the fourth quarter of 2022. The former CEO, Anil Srivastava bonuses for 2019 in the amount of kCHF 118 and 2020 in the amount of kCHF 211 remain unpaid. The 2021 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. As of November 2022, bonuses will be split 50% in cash and 50% in shares.

2.3.3. 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 SA 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.

2.4. Ordinance Against Excessive Compensation at Listed Companies (Vegüv)

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.

2.5. Provisions of the Articles of the Associations of the Company regarding Remuneration

According to article 23quater of the Articles of Association the remuneration of the members of the Executive Committee includes fixed and variable components. The fixed remuneration consists of the base salary and may include other remuneration elements and services. Variable remuneration may include short-term and long-term remuneration elements and is capped according to predetermined multipliers in relation to the respective target levels.

Short-term remuneration elements are governed by performance indicators that take into account the performance of the company and/or a portion thereof, comparable individual objectives, and whose achievement is generally measured over a one-year period. The annual target level of the short-term remuneration elements is determined as a percentage of the base salary; depending on the performance achieved, the compensation may reach a predetermined multiplier amount in relation to the target level.

Long-term remuneration elements are governed by performance indicators that take into account the company's strategic objectives, the achievement of which is generally measured over a multi-year period. The annual target level of long-term remuneration elements is determined as a percentage of the base salary; depending on the performance achieved, remuneration may reach a predetermined multiplier amount in relation to the target level.

The Board of Directors or the Remuneration Committee, when this task is delegated to it, determines the performance indicators and target levels and their achievement.

Remuneration may be paid or granted in cash, shares, other benefits or in kind; remuneration for members of the Executive Committee may also be paid or granted in financial instruments or similar units. The Board of Directors or the Remuneration Committee, if delegated the task, determines the conditions for the granting, vesting, blocking, exercise and forfeiture of these forms of remuneration; they may prescribe the continuation, acceleration or cancellation of vesting or exercise conditions for the payment or granting of remuneration assuming the achievement of targets, or forfeiture in the case of predetermined events, such as the termination of an employment contract or mandate.

The Board of Directors assesses the remuneration according to the principles that apply to the compensation report.

According to article 23sexies of the Articles of Associations, the Company, or any other company controlled by it, is authorized to grant and pay additional remuneration to any member of the Executive Committee appointed or promoted during a period for which the approval of the general shareholders' meeting has already been given.

The total additional remuneration may not exceed forty percent of the total amount of fixed and variable remuneration approved by the general shareholders' meeting for the relevant period.

According to articles 23quinquies of the Articles of Association, the general shareholders' meeting approves annually and separately the proposals of the Board of Directors concerning the maximum total amount of:

1. the remuneration of the Board of Directors until the next general shareholders' meeting;

2. the remuneration of the Executive Committee for the following financial year.

The Board of Directors may submit different or additional proposals to the general shareholders' meeting for approval for the same or a different period. If the general shareholders' meeting does not approve a proposal of the Board of Directors, the Board of Directors shall determine, taking into account all relevant criteria, new amounts of total and/or partial remuneration, as the case may be, and submit them for approval to the same general shareholders' meeting, a subsequent extraordinary general shareholders' meeting or the next ordinary general shareholders' meeting. Notwithstanding the foregoing paragraphs, the Company, or any other company it controls or mandates, may pay remuneration prior to approval by the general shareholders' meeting, subject to subsequent approval.

2.6. Compensation in fiscal year 2022

This section of the compensation report provides information on the compensation offered by the Company in the fiscal year 2022 to the Board of Directors, Chief Executive Officer and Executive Committee, as required by the OAEC.

2.6.1. Board of Directors

In the fiscal year 2022, the members of the Board of Directors received an aggregate total cash compensation of kCHF 405 (prior year: kCHF 433). The total cost to the Company including pension, insurance and perquisites amounted to kCHF 419 (prior year: kCHF 444).

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

Total compensation 2022

2022 Board in kCHF

Name	Position	Base cash compensation (kCHF)	Consulting fee (kCHF)	Options (kCHF)	Social charges (kCHF)	Total (kCHF)
Alexander Rhea (1)	Chairman	25	-	-	-	25
Shanu (Ali) Sherwani (1)	Member (and member of Remuneration Committee)	14	-	-	-	14
Bernard Pons (1)		13	-	-	-	13
Marc Lepièce (1)	Member (and member of Remuneration Committee)	14	-	-	-	14
Christophe Manset	Member (and member of Remuneration Committee and Audit & Risk Committee)	59	-	-	-	59
Stefan Müller (2)	Chairman	75	-	-	3	78
Tianyi Fan (2)	Member	38	-	-	-	38
Axel Joachim Maschka (2)	Member (and Chairman of Audit & Risk Committee)	43	-	-	-	43
Toy Wai David Suen (2)	Member	38	-	-	-	38
Benedict Fontanet (2)	Member	38	-	-	-	38
Lluís M. Fargas Mas (2)	Member (and member of Audit & Risk Committee)	49	-	-	11	60
TOTAL		**405**	**0**	**0**	**14**	**419**
Of which amount due at year-end						**86**

(1) New Entries in Board of Directors :
Alexander Rhea, Shanu (Ali) Sherwani, Bernard Pons, Marc Lepièce, appointed in September 30, 2022

(2) Exit from Board of Directors :
Stefan Müller, Tianyi Fan, Axel Joachim Maschka, Toy Wai David Suen, Benedict Fontanet, Lluís M. Fargas Mas, stepped down in September 30, 2022

Total compensation 2021

2021 Board in kCHF

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	0			0	0
Tianyi Fan (1)	Member (and member of Audit & Risk Committee)	54	-	-	-	54
Axel Joachim Maschka	Member (and Chairman of Audit & Risk	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)	60	-	-	7	67
Christophe Manset (2)	Member (and member of Audit & Risk Committee)	54	-	-	-	54
TOTAL		**433**	**-**	**-**	**12**	**444**
Of which amount due at year-end						**39**

(1) Stepped down from the Audit & Risk Committee on 30 June 2021

(2) New member of the Audit & Risk Committee since 30 June 2021

2.6.2. Executive Committee

In the fiscal year 2022 the aggregate overall cash compensation of the Executive Committee amounted to kCHF 2’042 (prior year kCHF 1’448). This amount includes the compensation paid to the Executive Committee members during their respective executive functions. The 2018 bonuses have been paid in the second quarter of 2022, the 2019 and 2020 bonuses have been paid in the fourth quarter of 2022. The former CEO Anil Srivastava bonuses for 2019 in the amount of kCHF 118 and 2020 in the amount of kCHF 211 remain unpaid.2. The 2021 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 2’288 (2021: kCHF 1’862).

The highest total compensation in the Group in fiscal year 2022 was earned by Mr. Anil Srivastava, CEO of the Company. His total cash compensation in fiscal year 2022, consisting of a fixed annual base salary amounted to kCHF 691 (2021: kCHF 520). The total cost to the Company including capped stock option grants, pension, insurance and perquisites amounted to kCHF 787 (2021: kCHF 677).

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 2022

All amounts in kCHF	Base Salary	Bonus 2021-2022	Bonus paid (2018-2019-2020)	**Total Cash Compensation (paid)**	Options	Social charges	**Total Compensation**
Global compensation	1,249	0	793	**2,042**	0	246	**2,288**
of which highest compensation to Anil Srivastava (CEO)	**521**	**0**	**170**	**691**	**0**	**96**	**787**

Pierre Blanc appointed as Group CEO, on November 1, 2022
Phil Broad appointed as E-Mobility CEO, on November 1, 2022
Bonus for 2021 and 2022 has been provisioned but not paid by 31 Dec 2022

Total Executive Committee compensation 2021

All amounts in kCHF	Base Salary	Bonus 2021	Bonus 2020	**Total Cash Compensation**	Options	Social charges	**Total Compensation**
Global compensation	1,448	0	0	**1,448**	175	239	**1,862**
of which highest compensation to Anil Srivastava (CEO)	520	0	0	**520**	67	91	**677**

2.6.3. 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.

2.6.4. 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.

2.6.5. 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.

2.6.6. 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.

2.6.7. Fees or compensation for any additional services

In the year under review L. M Fargas Mas received a compensation of kCHF 132 (2021: kCHF 50) for his participation to an internal project.

Other 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.

2.6.8. 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.

2.6.9. Related parties

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

2.6.10. 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 2022 statutory financial statement.

3 Report of the statutory auditor on the compensation report

mazars

LECLANCHE SA
Yverdon-les-Bains

Report on the Audit of the Compensation Report
according to Art. 14-16 VegüV

Mazars SA
World Trade Center
Avenue Gratta-Paille 2
CH-1018 Lausanne

Tel: +41 21 310 49 49
www.mazars.ch

Report of the statutory auditor to the General Meeting of LECLANCHE SA, Yverdon-les-Bains

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of LECLANCHE SA (the Company) for the year ended December 31, 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked "audited" of the Compensation Report (pages 39 to 46).

In our opinion, the information on remuneration, loans and advances in the accompanying Compensation Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company 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.

Other matters

The Compensation report of the Company for the year ended December 31, 2021 was audited by another auditor who issued an unmodified audit opinion on those financial statements as of July 19, 2022.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report 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.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report 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 a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is 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 SA-CH 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 this Compensation Report.

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

- Identify and assess the risks of material misstatement in the Compensation Report, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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, actions taken to eliminate threats or safeguards applied.

MAZARS Ltd

Michael Ackermann Licensed audit expert (Auditor in Charge)	Issam Kacem Licensed audit expert

Lausanne, May 30, 2023

Annex

- Compensation report

Leclanché Group

4 Consolidated financial statements 2022

4.1 Consolidated income statement for the year ended 31 December 2022

	Notes	31/12/2022	31/12/2021
		kCHF	kCHF
Revenue from contracts with customers	4.6.6 a	17,967	18,926
Other income	4.6.6 b	1,930	2,872
Total income		**19,897**	**21,798**
Raw materials and consumables used		-18,919	-17,600
Personnel costs	4.6.6 c	-36,622	-35,265
Other operating expenses	4.6.6 d	-15,986	-13,829
Net impairment losses on financial and contract assets	4.6.6 a	-1,286	-12,026
Depreciation, amortisation and impairment expenses	4.6.6 e	-12,847	-6,528
Operating Loss		**-65,763**	**-63,451**
Finance costs	4.6.6 f	-29,123	-16,453
Finance income	4.6.6 g	9,744	919
Share of net loss of associates accounted for using the equity method		-	-613
Loss before tax for the period		**-85,143**	**-79,599**
Income tax	4.6.6 i	-410	-376
Loss for the period of the Group		**-85,553**	**-79,975**
Earnings per share (CHF)			
- basic	4.6.7	-0.24	-0.26
- diluted		-0.24	-0.26

4.2 Consolidated statement of comprehensive loss for the year ended 31 December 2022

	31/12/2022	31/12/2021
	kCHF	kCHF
Loss for the period	-85,553	-79,975
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	5,021	6,877
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-316	-427
Other comprehensive income/(loss) for the period	4,705	6,450
Total comprehensive loss for the period	**-80,847**	**-73,525**

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

4.3 Consolidated balance sheet as of 31 December 2022

	Notes	31/12/2022	31/12/2021
		kCHF	kCHF
ASSETS			
Non-current assets			
Property, plant and equipment	4.6.8	19,723	21,220
Right-of-use assets	4.6.9	21,904	24,615
Intangible assets	4.6.10	9,656	6,294
Financial assets	4.6.11	2,657	3,199
Trade and other receivables	4.6.13	2,145	2,353
Defined benefit pension asset	4.6.16	3,526	53
TOTAL NON-CURRENT ASSETS		**59,611**	**57,733**
Current assets			
Inventories	4.6.12	13,589	18,872
Trade and other receivables	4.6.13	6,583	4,581
Advance to suppliers		6,232	2,882
Contract assets		3,446	2,741
Cash and cash equivalents		1,362	2,870
TOTAL CURRENT ASSETS		**31,213**	**31,946**
TOTAL ASSETS		**90,824**	**89,680**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	4.6.14	44,482	33,520
Share premium		30,672	56,004
Reserve for share-based payment	4.6.15	955	2,311
Other reserves		4,975	4,975
Translation reserve		-5,198	-4,883
Equity component of warrants and convertible loans	4.6.18	3,342	894
Remeasurements of post-employment benefit obligations		-944	-5,965
Accumulated losses		-132,366	-112,824
TOTAL EQUITY		**-54,083**	**-25,968**
Non-current liabilities			
Convertible Loans	4.6.19	20,066	-
Loans	4.6.19	32,590	34,214
Lease liabilities		19,646	21,887
TOTAL NON-CURRENT LIABILITIES		**72,302**	**56,101**
Current liabilities			
Provisions	4.6.17	17,285	7,041
Convertible Loans	4.6.19	15,136	-
Loans	4.6.19	3,731	13,988
Lease liabilities		2,743	3,000
Trade and other payables	4.6.21	26,286	28,727
Contract liabilities		7,424	6,791
TOTAL CURRENT LIABILITIES		**72,604**	**59,547**
TOTAL LIABILITIES		**144,906**	**115,648**
TOTAL EQUITY AND LIABILITIES		**90,824**	**89,680**

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

4.4 Consolidated statement of changes in equity for the year ended 31 December 2022

	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 2021		**26,007**	**55,458**	**2,329**	**4,975**	**894**	**-4,456**	**-12,842**	**-93,884**	**-21,518**
Loss for the period		-	-	-	-	-	-	-	-79,975	-79,975
Other comprehensive income:										
Remeasurements of post employment benefit obligations	4.6.16	-	-	-	-	-	-	6,877	-	6,877
Currency translation differences		-	-	-	-	-	-427	-	-	-427
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-427**	**6,877**	**-79,975**	**-73,525**
Cancellation of share premium and other reserves against accumulated losses		-	-55,165	-	-	-	-	-	55,165	-
Reserve for share-based payment	4.6.15	-	-	-19	-	-	-	-	276	257
Capital increase by loan conversion - 30.03.2021	4.6.14	3,961	29,401	-	-	-	-	-	3,512	36,874
Capital increase by loan & debt conversion - 10.09.2021	4.6.14	3,552	26,309	-	-	-	-	-	2,082	31,943
Balance at 31 December 2021		**33,520**	**56,004**	**2,311**	**4,975**	**894**	**-4,883**	**-5,965**	**-112,824**	**-25,968**
Balance at 1 January 2022		33,520	56,004	2,311	4,975	894	-4,883	-5,965	-112,824	-25,968
Loss for the period		-	-	-	-	-	-	-	-85,553	-85,553
Other comprehensive income:										
Remeasurements of post employment benefit obligations	4.6.16	-	-	-	-	-	-	5,021	-	5,021
Currency translation differences		-	-	-	-	-	-315	-	-	-315
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-315**	**5,021**	**-85,553**	**-80,847**
Cancellation of share premium and other reserves against accumulated losses		-	-55,710	-	-	-	-	-	55,710	-
Reserve for share-based payment	4.6.15	-	-	-1,356	-	-	-	-	1,356	-
Equity component of warrants	4.6.14	-	-	-	-	2,448	-	-	-	2,448
Capital increase by debt conversion - 17.11.2022	4.6.14	10,962	30,378	-	-	-	-	-	8,945	50,285
Balance at 31 December 2022		**44,482**	**30,672**	**955**	**4,975**	**3,342**	**-5,198**	**-944**	**-132,366**	**-54,083**

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

4.5 Consolidated statement of cash flows for the year ended 31 December 2022

	Notes	31/12/2022	31/12/2021
		kCHF	kCHF
Operating activities			
Loss for the period of the Group		-85,553	-79,975
Non cash adjustments:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	4.6.8, 4.6.9	5,605	5,417
Amortisation and impairment of intangible assets	4.6.10	1,330	1,091
Net impairment losses on financial and contract assets	4.6.13	1,309	12,026
Net release to provision on inventories		-3,586	-
Net allocation to provisions		15,506	-
Result on scrapping of fixed assets	4.6.8, 4.6.10	-36	6
Non-realised foreign exchange differences		407	290
Non-cash employee benefit expenses - share based payment	4.6.15	-	258
Non-cash employee benefit expenses - pension	4.6.16	1,548	639
Adjustment on associates		-	613
Finance costs	4.6.6	21,887	15,288
Working capital adjustments:			
(In)/Decrease in trade and other receivables		-3,512	-2,692
(In)/Decrease in contract assets		-704	1,011
(In)/Decrease in advances to suppliers		-3,349	1,026
(In)/Decrease in inventories		8,869	-4,603
In/(Decrease) in contract liabilities		632	-2,690
In/(Decrease) in trade and other payables		-835	2,486
Use in provisions	4.6.17	-5,262	-1,488
Income taxes paid		-209	-250
Interest paid		-555	-368
Net cash used in operating activities		**-46,508**	**-51,916**
Investing activities			
Payment for property, plant and equipment		-2,206	-3,607
Investment in financial assets		540	406
Investment in associates	4.6.11	-	-849
Payment for intangible assets		-4,610	-1,702
Net cash used in investing activities		**-6,276**	**-5,752**
Financing activities			
Proceeds from convertible loans		52,641	-
Transaction costs on conversion of loan into capital		0	-38
Proceeds from non convertible loans		2,500	61,685
Principal elements of lease payments		-2,864	-2,247
Repayment of loans		-990	-225
Net cash from financing activities		**51,287**	**59,175**
Increase / (Decrease) in cash and cash equivalent		**-1,497**	**1,507**
Cash and cash equivalent at 1 January		2,870	1,772
Cash and cash equivalent at 31 December		1,362	2,870
Effect of exchange rate changes		11	410
Variation		**-1,497**	**1,507**

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

4.6 Notes to the consolidated financial statements 2022

4.6.1 Corporate Information

Group structure

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

Leclanché S.A.'s subsidiaries, joint ventures and associates are:

	Note	Registered offices	Country	Currency	Share capital (LOC)	Ownership interest	Consolidation
Leclanché E-Mobility SA	1	Yverdon-les-Bains	Switzerland	CHF	100'000	100%	C
Leclanché GmbH		Willstätt	Germany	EUR	270'600	100%	C
Leclanché Service GmbH	2	Willstätt	Germany	EUR	25'000	100%	C
Leclanché UK Ltd		Matlock	England	GBP	100	100%	C
Leclanché North America Inc.		Wilmington, Delaware	USA	USD	0.01	100%	C
Leclanché Canada Inc.		Victoria, British Colombia	Canada	CAD	0	100%	C
Leclanché France SASU	3	Versailles	France	EUR	2'500	100%	C
Leclanché Norway AS	4	Oslo	Norway	NOK	30'000	100%	C
Solec Power Ltd	5	Basseterre	Saint Kitts and Nevis	USD	200'000	0.0%	E
Leclanché (Saint Kitts) Energy Holdings Limited	6	Bridgetown	Barbados	USD	15'000'000	60%	E
Leclanché Singapore Pte	7	Singapore	Singapore	USD	10'000	100%	E

Consolidation: C = full consolidation method; E = Equity method

(1) Leclanché E-Mobility SA was incorporated on 13 December 2021 and is fully owned by Leclanché SA.
(2) Leclanché Service GmbH was incorporated on 28 May 2019 and is fully owned by Leclanché GmbH
(3) Leclanché France SASU was incorporated on 26 June 2020 and is fully owned by Leclanché SA
(4) Leclanché Norway AS was incorporated on 15 June 2020 and is fully owned by Leclanché SA
(5) Solec Power Ltd. (Saint Kitts) ("Solec") was incorporated on 29 March 2019. It is a project Company that will build own and operate a solar PV plant and battery energy storage system on the Caribbean Island of St.

Kitts. The interest ownership of Leclanché SA was 50% at the end of 2020. In November 2021 Solec has been contributed in kind into Leclanché (Saint Kitts) Energy Holdings Limited.

(6) Leclanché (Saint Kitts) Energy Holdings Limited was incorporated on 26 October 2021 and is classified as joint arrangements (joint ventures). The contractual agreements between the Company and the other shareholders and the voting rights and other control mechanism embedded therein establish joint control as consent of all parties to the joint venture is needed to direct the relevant activities.

(7) Leclanché Singapore Pte was incorporated 9 June 2022 and it is fully owned by Leclanché SA

Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge was incorporated on 29 September 2018. During the year 2022 ELEPL was transferred to LEM. The Joint Venture has been sold for kUSD 2’607 on 4 November 2022 and the proceeds were recorded under LEM entity.

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 30 May 2023, but they are subject to approval by the general meeting of shareholders.

The main activities of the Group are described in Note 4.6.5.

4.6.2 Significant events of the period

4.6.2.1 E-Mobility carve-out

Leclanché SA transferred its eTransport business unit with related assets, liabilities, contracts and employees (the “Carve-out Business”) into a newly formed Swiss subsidiary in the form of a share corporation (“NewCo” or “Carve-out”).

E-Mobility is a separate Swiss legal entity which was prepared for strategic M&A having all the patents and manufacturing assets in Germany and Switzerland.

a) Effective date

The carve out has took effect from the incorporation of the E-Mobility Business 13 December 2021 and it started its operation 1 January 2022.

b) Description of the carve-out

The Carve-out has been achieved through the following principal steps:

1) Formation of NewCo called E-Mobility with contributions in cash for the share capital of CHF 100,000, but with an anticipated acquisition of assets from Leclanché SA, and
2) A subsequent contribution of the Carve-out Business by Leclanché SA into NewCo (as recipient/transferee) by way of a contribution in kind to reserves, such asset deal was implemented on the basis of an asset transfer and contribution agreement between Leclanché SA and E-Mobility with individual transfers and assumptions.

c) Amounts removed from the Leclanché SA balance sheet (assets, liabilities and equity)

kCHF	
Assets	48,026
Liabilities	-21,081
Equity	-26,944
Total	**0**

4.6.2.2 Debt into equity conversion

On 17 November 2022, SEF-LUX, Golden Partner SA, Golden Partner Holding Co. Sàrl, Golden Partner Shanghai converted into equity the equivalent amount of kCHF 41'340 due under the several loans and outstanding interests, for details see Note 1.3 Changes in Share capital
As part of the conversion of debt into equity, the Company issued 109'617'821 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2022.

4.6.3 Significant Accounting Policies

4.6.3.1 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 4.6.4.

4.6.3.2 New and amended accounting standards and IFRIC interpretations

a) *The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on 1 January 2022:*

There were no new standards mandatory for the financial year beginning on 1 January 2022, impacting the Group.

There are only a limited number of amendments to the accounting standards that become applicable from 1 January 2022. These amendments have no impact on the Group.

b) *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 2023 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 2022.

4.6.3.3 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.

Joint Ventures are all entities over which the contractual agreements between the Group and the other shareholders and the voting rights and other control mechanism embedded therein establish a joint control. Consent of all parties to the joint venture is needed to direct the relevant activities. Joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

4.6.3.4 Foreign currency translation

a) 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.

b) 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.

c) 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.

4.6.3.5 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.

4.6.3.6 Revenue recognition

Revenue consists of sales of goods and services produced in the course of the Group's core business.

The Group applies IFRS 15 according to which a promised good or service will have to be recognised separately as revenue if it is "discrete", i.e. if both of the following conditions are met:

- **i.** The services are distinct in nature: the customer can benefit from the good or service in isolation or in combination with other readily available resources,
- **ii.** The benefits are contractually distinct: the company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

For each identified performance obligation, the entity determines at the inception of the contract whether the performance obligation is satisfied:

- **i.** Ongoing: revenue is recognised using the percentage of completion method,
- **ii.** At a specific date: revenue is recognised on completion.

A performance obligation is satisfied on an ongoing basis if it meets at least one of the following three criteria:

- **i.** The customer receives the benefits of the service as the entity fulfils its performance obligation,
- **ii.** The customer receives control of the asset as the entity builds it,
- **iii.** The asset has no alternative use and the entity has an enforceable right to payment for the value of the work performed to date at any time (dual condition), If none of these criteria are met, the performance obligation is considered to be satisfied at a given date.

In the case of long-term services to be performed over different periods, where the performance obligation must be recognised using the percentage of completion method under IFRS 15, the Group applies the percentage of completion method. Revenue is determined by applying the ratio of "costs incurred for work performed to date to total estimated contract costs" to total contract revenue.

Any probable loss on completion is recognised immediately in operating income for the period. Work in progress on long-term contracts is recognised at selling price and does not include administrative or selling expenses.

Work in progress is recognised in the balance sheet either under "Trade and other receivables" if positive (invoice to be issued) or under "Other liabilities" if negative (deferred income). It is calculated based on the performance obligation by applying the percentage of completion to the total sales forecast in the contract, less invoices issued to the customer at the balance sheet date. The financial percentage of completion corresponds to the ratio between the costs incurred for work performed up to the balance sheet date and the estimated total contract costs.

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 SA 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.

4.6.3.7 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.

4.6.3.8 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.

4.6.3.9 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:

Property, plant and equipment	Useful life	Method
Buildings and leashold improvements	3 - 10 years	straight-line
Machinery, installations and tools	3 - 10 years	straight-line
Furniture and computers	2 – 5 years	straight-line
Vehicles	5 years	straight-line

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.

4.6.3.10 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.

4.6.3.11 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 held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. 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.

4.6.3.12 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.

4.6.3.13 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.

4.6.3.14 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.

4.6.3.15 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.

4.6.3.16 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”.

4.6.3.17 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.

4.6.3.18 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.

Leclanché
Energy Storage Solutions

4.6.3.19 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.

4.6.3.20 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.

4.6.4 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.

4.6.4.1 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.

a) Uncertainties and ability to continue as a going concern

In the recent years, the Company has made significant up-front investments in manufacturing capacity and incurred research and development expenses while developing its Order Book and accordingly it is suffering from recurring operating losses. Consequently, as of December 31, 2022, the Company is overindebted and has limited access to liquidity.

Existing liabilities as of 31 December 2022 have been subordinated for a total amount of kCHF 61’763. In addition, the Group raised additional funds from its majority shareholder, SEF-LUX, between 1 January 2023 to 31 May 2023, for a total amount of kCHF 26’219, amounts that were fully subordinated (see subsequent event note for further details).

On 30 May 2023, SEF provided a comfort letter to the Group ensuring that under certain conditions SEF will provide the funding requirements determined by the Board of the Group up to an amount of kCHF 35’500. The Board and Management are making necessary efforts on customers payment and 3rd party funding to ensure this going concern. The Board and Management are making necessary efforts on customers payment policy and 3rd party funding to solve this going concern issue. The Board of Directors is confident that, based on the recent signature of the comfort letter from SEF and taking into account the current discussions with various investors, 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.

If the Group is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce costs, or scale back its current business plan until sufficient additional liquidity is raised to support further operations. There can be no assurance that such a plan will be successful. The availability of sufficient additional financing, in particular in the form of equity or subordinated debt to comply with Swiss minimum equity requirements, and the success of the current funding options are therefore of crucial importance for the continuation of the Group as a going concern. These elements indicate the existence of a material uncertainty that may cast significant doubts as to whether Leclanché SA can remain a going concern.

b) 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.

In 2022 the company did not book any impairments of assets (refer to Note 4.6.11 for more details).

c) Pension benefits

The present value of the pension obligations (see Note 4.6.16) 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.

d) 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 2022, the amount of revenue subject to the Input method for measuring progress over time is of kCHF 12’781 (2021: CHF 14’618) (see Note 4.6.6a).

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

4.6.4.2 Critical judgements in applying the entity's accounting policies

a) Valuation of Convertible Loans

Based on the conversion mechanism, the various convertible loans (see Note 4.6.18a) 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).

Various non-convertible loans became convertible during 2021 (see Note 4.6.19). The new convertible instruments have been fair valued at the time they became convertible using accepted pricing models (level 2). The difference between the fair value and the carrying amount of the extinguished loan has been recognised in profit and loss.

b) 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 2022. Had the Group estimated that all available tax losses could be used, the effect would have been an additional income of kCHF 85’152 as of 31 December 2022 (2021: kCHF 73’647).

4.6.5 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-Mobility 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 machinery markets.

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-Mobility Business Unit		Stationary Business Unit		Specialty Business Unit		Corporate Costs		Total	
	31/12/22	**31/12/21**	**31/12/22**	**31/12/21**	**31/12/22**	**31/12/21**	**31/12/22**	**31/12/21**	**31/12/22**	**31/12/21**
Timing of revenue recognition:										
At a point in time	1,997	*216*	863	*1,101*	1,947	*2,991*	-	-	*4,807*	*4,308*
Over time	*7,022*	*8,216*	*4,795*	*6,402*	*1,343*	-	-	-	*13,160*	*14,618*
Revenue from contracts with customers	**9,018**	**8,432**	**5,658**	**7,503**	**3,290**	**2,991**	**-**	**-**	**17,967**	**18,926**
EBITDA	-45,595	-27,861	-240	-7,406	-93	-998	-11,611	-8,171	*-57,539*	-44,435
EBIT	-51,005	-35,962	-292	-16,951	-102	-1,286	-14,363	-8,804	-65,763	-63,003
Segment assets	67,069	67,484	10,207	8,328	3,311	2,301	10,237	11,512	90,824	89,680
Depreciation, amortisation and Impairment	-5,410	-8,101	-52	-9,546	-9	-288	-2,752	-633	*-8,223*	-18,568
Acquisitions of tangible and intangible assets	6,467	8,298	-	23	37	23	311	633	6,816	8,977

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

	2022	**2021**
	kCHF	kCHF
EBITDA	**-57,538**	**-44,897**
EBITDA reportable segment	*-45,928*	*-36,726*
Corporate costs	*-11,611*	*-8,171*
Depreciation and amortisation	-6,939	-6,528
Net impairment losses on financial and contract a	-1,286	-12,026
Finance income	9,744	919
Finance costs	-29,123	-16,453
Share of net loss of associates accounted for usin	-	-613
Income tax	-410	-376
Loss for the period	**-85,553**	**-79,975**

For geographical information, sales are allocated based on where the customer is located.[6]

Revenue	2022	2021	% of total
	kCHF	kCHF	
Switzerland	1,388	792	9.17%
Norway	3,507	4,841	19.26%
Netherlands	1,897	6,396	10.82%
Poland	1,888	0	0.00%
Great Britain	1,686	10	9.39%
Canada	1,270	1,093	7.07%
France	1,075	1,742	9.90%
United States	1,004	1,015	5.59%
Germany	1,820	2,259	5.92%
Finland	172	603	11.49%
Others	2,259	174	11.40%
	17,967	**18,926**	

Non-current assets	2022	2021
	kCHF	kCHF
Switzerland	21,560	17,177
Germany	7,803	10,301
North America	14	32
UK	2	3
	29,379	**27,513**

4.6.6 Revenues And Expenses

a) Revenue From Contract With Customers

The Group has the following types of revenues:

Revenue	2022	2021
	kCHF	kCHF
Projects	13,160	14,618
Sales of goods & services	4,807	4,308
Licence sale	**17,967**	**18,926**
At a point in time	4,807	4,308
Over time	13,160	14,618
	17,967	**18,926**

In 2022, the Group realised 22.2% with one customer belonging to Stationary BU and 36.7% of its revenue with one customer belonging to e-Mobility BU. In 2021, the Group realised 22.4% with one customer belonging to Stationary BU and 23.5% of its revenue with one customer belonging to e-Mobility BU.

In the reference to IFRS 15.110 to IFRS 15.129 the Group recognises the following types of revenue from customer: over the time (OVT) and point in time (PIT) based on 5 steps revenue recognition criteria. Additional information in the Note 4.6.3.6.

- **Specific information on each activity carried out**

For each project the input information is coming from the client contract. Information is gathered and first analysis performed by the responsible team based on internally developed IFRS decision tree. Several compliance criteria are taken into account and are adjusted to Leclanché core business. Each OVT project has its project dashboard to follow the financial data. Predefined responsibilities for updating and ownership of data quality are assigned. Regular meetings, follow up action plan and escalation to Management criteria are set up.

[6] The Geographical split for the customers has been updated after the initial publication date 30th May 2023.

- **Information provided on key judgements (progress method)**

The Group is using progress method. Several phases are actioned for the projects, like kick-off meeting, regular check points for IFRS compliance, review of past and future progress of contract development, financial information from internal financial system is assessed regularly for variances and its impacts on termination. Responsible team are following the project budget evolution based on point of completion on monthly meetings.

- **Main contributing contracts (transaction price, duration, customer)**

The Group has multiple projects ongoing at any one time across all three Business Units. Projects often span for several years. The largest by budgeted revenue and time span is E-Mobility project, which started in 2021 and is estimated to finish in 2030. The sum of its forecast revenue is over kCHF 100,000.

- **Performance obligation under customer contracts**

The Group aims to fulfil in quality, communication and timing with contractual right and obligation for its clients. It targets to deploy efficiently the order to pay and invoice to cash principles all along the supply chain and during the complete life cycle of the project. The Group is assessing the risks and protects its rights and reputation as well as obligation toward the customer.

The Group has contracted payment terms in place and warranties embedded in the contract with the customers. In the case when the contract becomes onerous the contract might be put on hold or even impaired.

- **Method of accounting for assets and liabilities**

For the assets the Group is using input method based on costs at point of completion and posting of accrued revenue recognition accordingly.

For the liabilities the Group is input method based on costs at point of completion and posting of deferred revenue recognition accordingly. If necessary, a provision to cover negative margin at termination is posted.

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

	31/12/2022	31/12/2021
	kCHF	kCHF
Contract Revenue	17,967	18,926
The net balance sheet position for ongoing contracts is as follows:		
Contract liabilities	-7,424	-6,791
Contract assets	3,446	2,741
	-3,978	**-4,050**

Contract assets have increased in 2022 mainly due to the increase in projects under construction (Over the time) compared to 31 December 2021.

Contract liabilities have increased by kCHF 633 vs. 2021 due to the increased number of contracts under construction.

b) Other Income

	2022	2021
	kCHF	kCHF
Government grants	1,075	1,313
Other income	855	1,558
	1,930	**2,872**

Government grants relate mainly to:

- Covid-19 loans granted in Switzerland with interest below market rate for kCHF 539 (2021: kCHF 980). See also Note 4.6.19
- 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 2021 in an amount of kCHF 275 and nothing in 2022.

Other income relates to various insurance reimbursement for a total of kCHF 855 in 2022. One significant event was fire incident that occurred on the Griffin Tauron Stationary project in September 2020, amount reimbursed in 2022 was kCHF 225.

c) Personnel Costs

	2022	2021
	kCHF	kCHF
Salaries	31,478	29,234
Social charges	2,274	3,895
Recognised expense for stock option plans	-	258
Pension costs (defined benefit plan)	2,870	1,878
	36,622	**35,265**

d) Other Operating Expenses

	2022	2021
	kCHF	kCHF
Consulting and IP costs	3,511	3,380
Legal costs	2,747	1,648
Administration costs	2,712	548
Transport and packaging	1,507	1,696
Building utilities	1,430	1,460
Travel costs	1,160	921
IT costs	712	710
Manufacturing costs	630	832
Sales & marketing costs	445	398
Rental and storage costs	683	508
Sundry duties and capital taxes	-183	275
Insurances	535	432
Commissions on financing	115	37
Miscellaneous	866	985
Other operating expenses (net of bad debt)	**16,869**	**13,829**
Allowance for bad debt	-882	-
Other operating expenses	**15,986**	**13,829**
Net impairment losses on financial and contract assets	**1,286**	**12,026**

e) Depreciation, amortisation and impairment expenses

	2022	2021
	kCHF	kCHF
Depreciation PP&E	5,609	5,417
Amortization Intangible Assets	1,330	1,091
	6,939	**6,508**
Reversal of inventory provision	-3,586	20
Project Loss at Termination	9,494	-
Depreciation, amortisation and impairment expenses	**12,847**	**6,528**
Impairment on loans	404	-
	13,251	**6,528**

f) Finance Costs

	2022	2021
	kCHF	kCHF
Finance costs - convertible loans	20,664	7,270
Finance costs - loans	2,823	2,262
Finance costs - leasing	354	215
Finance costs - warrants	2,448	-
Finance fees	125	5,792
Other finance costs	132	827
Realised and unrealised exchange differences	2,530	-
Bank charges	51	88
	29,126	**16,453**

Additional information on conversions in note 4.6.19.

g) Finance Income

	2022	2021
	kCHF	kCHF
Gain on sale of Exide Leclanché Energy Private Limited - Nexcharge	2,607	-
Interests income	480	338
Realised and unrealised exchange differences	2,139	581
Variation of derivative	4,518	
	9,744	**919**

h) Research And Development Expenses

Research and development expenditures recognised as an expense in the year 2022 amount to kCHF 4’067 (2021: kCHF 7’064). The nature of these expenses are material costs and operating expenses.

i) 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.

	2022	**2021**
	kCHF	kCHF
Current income tax	410	376
(Decrease)/Increase in deferred income tax	-	-
Income tax expenses/(income)	**410**	**376**

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 2022 ranged between 14% and 30% (2021: 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:

	2022	**2021**
	kCHF	kCHF
Loss before income tax	-85,143	-79,599
Tax calculated at tax domestic rates applicable to profits in the respective countries	-11,466	-9,840
Tax effects of:		
- temporary differences and tax losses for which no deferred income tax asset was recognised	11,863	10,768
- expenses not deductible for tax purposes	404	48
- income not subject to tax	-	-
- Utilisation of previously unrecognised tax losses	-437	-649
- Adjustment for current tax of prior periods	45	49
- Others	1	-
Total	**410**	**376**

The weighted average applicable tax rate of the tax rates prevailing in Switzerland, Germany, UK, Canada, USA, France and Norway respectively, was 13.5% (2021: 14.1%).

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

	2022	2021
	kCHF	kCHF
Deferred tax liability (long -term)		
Intangible assets	-	-
Defined benefit assets	490	7
Property, plant and equipment	218	401
	708	**408**
Deferred tax assets		
Unused tax losses carried forward	708	408
	708	**408**
Net deferred tax liability	**-**	**-**

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 85'152 (2021 : kCHF 73'647), in respect of losses of kCHF 550'612 (2021: kCHF 481'167) 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 2028 and in Germany (non-perishable) to 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:

	2022	2021
Maturity Date	kCHF	kCHF
2022	-	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	79,138
2028	75,108	75,108
2029	113,653	-
Non perishable tax losses	53,747	57,779
Total	**549,504**	**481,167**

In 2022, unused tax losses amounting to kCHF 64'009 have expired (2021: kCHF 41'285).

4.6.7 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 4.6.15), to the warrants (Note 4.6.18c) and to the convertible loans (Note 4.6.18a), do not affect the diluted loss per share, since they would be anti-dilutive (same as 2021).

	31/12/2022	**31/12/2021**
	kCHF	kCHF
Net loss attributable to ordinary equity holders of the parent	-85,553	-79,975

	31/12/2022	**31/12/2021**
Weighted average number of ordinary shares in issue	352,623,729	303,862,706

	31/12/2022	**31/12/2021**
Earnings per share	CHF	CHF
- basic	-0.24	-0.26
- diluted	-0.24	-0.26

4.6.8 Property, Plant And Equipment

	Machinery, installations and tools	Furniture and computers	Vehicles	Construction in progress	Total
	kCHF	kCHF	kCHF	kCHF	kCHF
Gross values :					
As of 01.01.2021	34,849	3,174	16	5,584	43,622
Additions	5,967	649	-	659	7,275
Scrapping	-185	-123	-1	-1	-311
Reclassification	-	-419	-	-55	-474
Transfer	4,489	81	-	-4,570	0
Exchange differences	-1,272	-59	-	-78	-1,409
As of 31.12.2021	43,847	3,302	14	1,540	48,703
Accumulated depreciation and impairment:					
As of 01.01.2021	23,898	1,988	16	-	25,901
Depreciation	2,643	437	-	-	3,080
Impairment					-
Scrapping	-184	-119	-2	-	-305
Reclassification	-	-166	-	-	-166
Exchange differences	-976	-48	-2	-	-1,027
As of 31.12.2021	25,380	2,092	11	-	27,483
Net value as of 31.12.2021	**18,467**	**1,210**	**3**	**1,540**	**21,220**
Gross values :					
As of 01.01.2022	43,847	3,302	14	1,540	48,703
Additions	1,643	311	-	251	2,206
Scrapping	-1,263	-282	-	-	-1,545
Reclassification	-	-	-	-	-
Transfer	-	-86	-	-617	-704
Exchange differences	-1,287	-73	-0	-63	-1,423
As of 31.12.2022	42,941	3,171	14	1,111	47,237
Accumulated depreciation and impairment:					
As of 01.01.2022	25,380	2,092	11	-	27,483
Depreciation	2,340	271	1	-	2,612
Impairment	-	-	-	-	-
Scrapping	-1,291	-290	-	-	-1,581
Reclassification	-	-	-	-	-
Exchange differences	-954	-47	-0	-	-1,001
As of 31.12.2022	25,477	2,026	12	-	27,514
Net value as of 31.12.2022	**17,464**	**1,146**	**2**	**1,111**	**19,723**

There was no impairment as of 31 December 2022 and 31 December 2021.

4.6.9 Leases

The balance sheet shows the following amounts relating to leases:

	31/12/2022	31/12/2021
	kCHF	kCHF
Right-of-use assets		
Properties	21,839	24,590
Motor vehicles	65	25
Total right-of-use assets	**21,904**	**24,615**
Lease liabilities		
Current	2,743	3,000
Non-current	19,646	21,887
Total lease liabilities	**22,389**	**24,887**

In 2022, additions to the right-of-use assets were mainly related to the renewal for 3 years of the offices rent agreement of Leclanché North America Inc. and to the renewal of cars leasing agreements at Leclanché GmbH. Additions to the right-of-use assets in the 2022 financial year were kCHF 262 (2021: kCHF 19’327) and correspond to the rent of a new building in Yverdon-les-Bains (Leclanché SA) until February 2036.

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

	2022	2021
	kCHF	kCHF
Depreciation charge of right-of-use assets		
Properties	2 936	2 261
Motor vehicles	56	76
Total depreciation charge of right-of-use assets	**2 992**	**2 337**
Interest expense (included in finance cost)	354	215
Expense relating to short-term leases	-	214
Expense relating to leases of low-value assets	15	30

Right-of-use assets	**Properties**	**Motor vehicles**	**Total**
	kCHF	kCHF	kCHF
Cost			
As of 01.01.2021	11,070	277	11,348
Additions	19,317	10	19,327
Exchange differences	-	-	-
As of 31.12.2021	**30,387**	**287**	**30,674**
Additions	186	77	262
Exchange differences	-	-	-
As of 31.12.2022	**30,573**	**363**	**30,936**
Accumulated depreciation			
As of 01.01.2021	3,526	177	3,703
Depreciation charge	2,261	76	2,337
Exchange differences	11	9	20
As of 31.12.2021	**5,798**	**262**	**6,059**
Depreciation charge	2,936	56	2,992
Exchange differences	-	-19	-19
As of 31.12.2022	**8,734**	**299**	**9,033**
Net book amount			
As of 31.12.2021	**24,590**	**25**	**24,615**
As of 31.12.2022	**21,839**	**65**	**21,904**

Lease liabilities	**Total**
	kCHF
As of 01.01.2021	7,789
Additions	19,318
Cash outflow (including interest)	-2,462
Interest	215
Exchange differences	27
As of 31.12.2021	**24,887**
Additions	262
Cash outflow (including interest)	-3,218
Interest	354
Exchange differences	104
As of 31.12.2022	**22,389**

	31/12/2022	**31/12/2021**
	kCHF	kCHF
Lease liabilities		
Current	2,743	3,000
Non-current	19,646	21,887
Total lease liabilities	**22,389**	**24,887**

As of 31 December 2022, the commitment on short term leases is kCHF 38 (2021: kCHF 75) which has not been included in the measurement of lease liabilities.

4.6.10 Intangible Assets

	Internally generated projects	Patents and licences	Know-how and Software	Total
	kCHF	kCHF	kCHF	kCHF
Gross value :				
As of 01.01.2021	8,173	7,584	2,722	18,478
Additions	1,639	63	1	1,702
Reclassification	-	947	55	1,002
Exchange differences	-44	-	-14	-58
As of 31.12.2021	9,767	8,594	2,764	21,125
Accumulated depreciation and impairment:				
As of 01.01.2021	4,669	7,584	849	13,102
Amortisation	606	10	475	1,091
Reclassification	-	694	-	694
Exchange differences	-44	-	-12	-57
As of 31.12.2021	5,231	8,288	1,312	14,831
Net value as of 31.12.2021	**4,535**	**306**	**1,452**	**6,294**
Gross value :				
As of 01.01.2022	9,767	8,594	2,764	21,125
Additions	4,570	28	11	4,610
Scrapping	-	-	-50	-50
Reclassification	86	-	-	86
Exchange differences	-43	-	-16	-60
As of 31.12.2022	**14,380**	**8,622**	**2,709**	**25,712**
Accumulated depreciation and impairment:				
As of 01.01.2022	5,231	8,288	1,312	14,831
Amortisation	719	123	487	1,330
Scrapping	-	-	-50	-50
Reclassification	-	-	-	-
Exchange differences	-43	-	-11	-55
As of 31.12.2022	**5,907**	**8,411**	**1,738**	16,056
Net value as of 31.12.2022	**8,473**	**211**	**971**	**9,656**

As of 31 December 2022, there was no impairment of intangible assets (same as of 31 December 2021).

Internally generated projects

The Group has recognised and capitalised the following major projects:

a) 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.

b) 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.

c) 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.

d) Project **Development M3 Module** recognised as of 31 December 2022 for kCHF 1'586 (2021: kCHF 1'135). This project was substantially completed as of 31 December 2020. Availability for use has started in 2021 with a useful life of 5 years.

e) Project **Functional Safe BMS** additional costs of kCHF 2'354 incurred during the year 2022 have been capitalized resulting in the net value for 31 December 2022 as kCHF 4'884 (2021: kCHF 2'530). The. The project is still under development and its in final stages, the certifications are planned for second half of 2023. Availability for use started in 2022 with a useful life of 5 years.

f) Project **Cells Scale Up or High Nickel Cathode Cells** recognised as of 31 December 2022 for kCHF 316. Availability for use starts in mid-2022.

g) Project **Dennis Eagle** recognised as of 31 December 2022 for kCHF 194. The development of the pack has been completed to a point where the feasibility is demonstrated, and the customer has committed to taking significant volumes of the product over the coming years. Availability for use started in 2022 with a useful life of 5 years.

h) Project **MRSX** recognised as of 31 December 2022 for kCHF 637. This is the next generation marine rack system. The product has been in development since Q2 2022 and incorporates the M3 module with the latest BMS. Product has passed the preliminary certifications tests demonstrating that it meets the requirements (certification has not been done yet, only pre-testing). First deliveries of the system are planned for H2 of 2023, with all customer orders for marine applications using the system from end of 2023 onwards. Useful life of 5 years.

i) Project **Int-53** recognised as of 31 December 2022 for kCHF 278. This is a development of a pack destined for applications in rail and possibly in the future on road as well. The usefulness of the asset is clear from the customer demands, and the asset comes with a complete Bill of Material for the costing aspect. Availability for use started in 2022 with a useful life of 5 years.

4.6.11 Financial Assets

	Note	31/12/2022	31/12/2021
		kCHF	kCHF
Financial assets	4.6.10 a		
Restricted cash at bank		1,295	1,959
Other deposits		1,361	1,240
Total financial assets		**2,657**	**3,199**
Investments using the equity method	4.6.10 b		
Associate Exide Leclanché Energy Private Limited - Nexcharge		-	-
Joint venture Leclanché (Saint Kitts) Energy Holdings Limited		-	-
Investments accounted for using the equity method		**-**	**-**

a) Financial assets

The investments consist in:

- The participation of 11.51% (2021: 11.51%) of Leclanché SA, for a net amount of kCHF 0 (in 2021: 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 0 in 2022 (2021: kCHF 0). 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 (2021: kCHF 0). 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.
- An equity investment in **JV Energy St Kitts** for an amount of kCHF 0 (2021: kCHF 0). This investment has been fully impaired as of 31 December 2020, in connection with the abandonment of the project.
- **Restricted cash at bank** (2022: kCHF 1’295) 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** (2022: kCHF 1’361) correspond mainly to various guarantees for kCHF 701, mainly for rent and a bank guarantee for kCHF 660 related to the Covid-19 loan, securing 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:

- **Leclanché (Saint Kitts) Energy Holdings**

An equity investment in the joint venture Leclanché (Saint Kitts) Energy Holdings Limited at 60.00%. As this associate is a Barbados private entity there is no quoted price available.

In November 2021, the Group contributed in kind various assets to the joint venture for the total amount of kCHF 8'135. The total amount was impaired at the year-end December 2021 and no further investment was done in 2022.

The difference in Group’s share relates to the full impairment of the project given delays in its financing and the uncertainties of the future earnings of the project for the Group stake.
MPC Energy, the Group’s co-partner has a call option for an additional 14% stake in Leclanché (St. Kitts) Energy Holdings Ltd. that can be executed no earlier than two years after the commencement of commercial operations of the entity’s related plant.
The tables below provide summarised financial information for this joint venture.

	31/12/2022	**31/12/2021**
Summarised balance sheet	kCHF	kCHF
Current assets	0	2
Non current assets	20,614	20,276
Current libilities assets	20	2
Non current liabilities	13	5
Net assets	**20,647**	**20,285**
Group share in %	60.00%	60.00%
Group share in kCHF	8,136	8,136
Impairment	-8,136	-8,136
Carrying amount	**-**	**-**

- **Exide Leclanché Energy Private Limited (ELEPL) – Nexcharge**

As at 31 December 2021, the Group had an equity investment in the associate Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge at 16.00%. Through the shareholder agreement, the Group was guaranteed one seat on the Board of ELEPL and participated in all significant financial and operating decisions. The Group had therefore determined that it had significant influence over this entity, even though it only held 16% of the voting rights. As this Indian associate is a private entity there was no quoted price available.

This investment has been sold on 2 November 2022, a letter of consent was signed between Leclanché SA and Exide Industries Ltd "Exide"), so that Exide can buy back the 16.00% shares in the company Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge. Leclanché SA ceased to be a shareholder of this joint venture as of 4 November 2022 and the technology agreements were terminated at that date.

The investment had been 100% impaired in 2021. The agreed-upon sales price was fixed at USD 2.6 million, received on 4 November 2022, generating a finance income of the same amount.

4.6.12 Inventories

	31/12/2022	31/12/2021
	kCHF	kCHF
Raw material	10,291	12,879
Work in progress	4,365	4,652
Finished goods	1,667	5,461
Stock in Transit	-	2,201
Provision for inventories	-2,734	-6,320
Total	**13,589**	**18,872**

The inventories write-down and valuation adjustments recognised as an expense/(profit) amount to kCHF 3'586 (2021: kCHF 1'091) and is included in raw materials and consumables used.

Leclanché
Energy Storage Solutions

4.6.13 Trade And Other Receivables

	31/12/2022	31/12/2021
	kCHF	kCHF
Short-term		
Trade receivables - gross	*4,804*	*2,313*
Loss allowance	*-1,077*	*-194*
Trade receivables, net of provision for impairment	*3,727*	2,119
Loans - gross	393	*411*
Loss allowance	-	-
Short-term loans	393	411
Other receivables	*2,463*	2,051
Total trade and other receivables - short term	**6,583**	**4,581**
Long-term		
Trade receivables, net of provision for impairment - long term	-	-
Loans - gross	*12,098*	*11,880*
Loss allowance	*-9,953*	*-9,527*
Long-term loans	2,145	2,353
Total trade and other receivables - long term	**2,145**	**2,353**
Total trade and other receivables	**8,729**	**6,934**
Contract assets	**3,446**	**2,741**
Advances to suppliers	**6,232**	**2,882**

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

As of 31 December 2022, Leclanché SA loan of kCHF 9’953 (2021: kCHF 9’527) 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 amount provided in 2022 has been impaired for kCHF 426 (2021: kCHF 881).

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 2022, this resulted in an allowance of kCHF 1’077 (2021: kCHF 194).

	2022	2021
	kCHF	kCHF
As of 1 January	194	656
Increase / (decrease) of provision	1,003	-7
Use of provision	-3	-448
Recoveries	-117	-6
As of 31 December	**1,077**	**194**

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

	31/12/2022	31/12/2021
	kCHF	kCHF
CHF Swiss francs	85	371
EUR Euros	3,498	417
USD US dollars	70	1,330
CAD Canadian dollars	74	-
	3,727	**2,119**

4.6.14 Share Capital

a) Ordinary Share capital

As of 31 December 2022, the issued share capital of the Company amounts to kCHF 44'481 (2021: kCHF 33'520), divided into 444'814'910 (2021: 335'197'089) fully paid-in issued shares with a nominal value of CHF 0.10 each (2021: CHF 0.10).

Number of Shares	31/12/2022	31/12/2021
	Unit	Unit
Ordinary shares, nominal value CHF 0.10	444,814,910	335,197,089

Number of Shares	31/12/2022	31/12/2021
	Unit	Unit
As at 1 January	335,197,089	260,069,479
Shares issued	109,617,821	75,127,610
As at 31 December	**444,814,910**	**335,197,089**

b) Significant shareholders

As per share register:

	% 31.12.2022	12/31/2022	%	12/31/2021
		Unit		Unit
SEF-LUX	77.5%	344,526,681	71.2%	238,513,472
Sum of all other shareholders below 5 %	22.5%	100,288,229	28.8%	96,683,617
Total shares issued	100.0%	**444,814,910**	100.0%	**335,197,089**

c) Changes in share capital

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

- On 29 March 2021, SEF-LUX converted into equity the equivalent amount of kCHF 33'783 due under the 2020 WCL and the four SEF-LUX loans: (i) Euro Bridge Loan Agreement in the amount of kCHF 2'841; (ii) 2018 Bridge Loan Agreement in the amount of kCHF 3'000; (iii) 2019 Bridge Loan Agreement in the amount of kCHF 1'270 and (iv) eTransport Bridge Loan Agreement in the amount of kCHF 23'500. 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 30 June 2021, the shareholders approved at the Annual General Meeting ("AGM 2021") as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. The conversion was implemented on 9 September 2021. SEF-LUX converted kCHF 10'500 under the eTransport Bridge Loan Agreement, Holding Co Sàrl. converted kCHF 10'700 under the Trading Finance Loan 2021 Agreement and Golden Partner SA converted kCHF 2'145 under the GP-LSA Loan Agreement Nice & Green Proceeds and kCHF 6'338 for facilitation and arrangement fees incurred pursuant to the terms of a facilitation agreement dated 24 March 2021. As part of the conversion of debt into equity, the Company issued 35'518'260 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 September 2021.

- On 17 November 2022, SEF-LUX, Golden Partner Holding Co. Sàrl, Golden Partner Shanghai, Golden Partner SA converted into equity the equivalent amount of kCHF 41'340 due under the following loans and outstanding interests:
    - AM Investment S.C.A. SICAV- FIS – R&D Sub-Fund: kCHF 1'608 representing due interests up to 30 September 2022 under a loan agreement with the Company dated 25 June 2021 (so-called AM St. Kitts Construction Loan);
    - AM Investment SCA SICAV-SIF – Illiquid Assets Sub-Fund: kCHF 3'297 under a loan agreement with the Company dated 31 May 2021 (so-called AM N&G Proceeds Loan) and related interests up to 30 September 2022 for kCHF 361;
    - AM Investment SCA SICAV-SIF – Liquid Assets Sub-Fund: kCHF 20'400 under a loan agreement with the Company dated 4 February 2022 (so-called Working Capital Bridge Loans) and related interests up to 30 September 2022 for kCHF 1'300;
    - Golden Partner FOF Management Sàrl: kCHF 9'600 under three loan agreements dated 18 October 2021, 22 November 2021 and 13 December 2021 (so-called GPFOF Bridge Loan) and related interest up to 30 September 2022 for kCHF 817;
    - Golden Partner Holding Co. Sàrl: kCHF 493 representing due interests under extinguished loan agreement dated 4 February 2021 (so-called Trading Finance Loan 2021);
    - Golden Partner Shanghai: kCHF 955 representing arrangement fees under loan agreement dated 17 June 2022, 25 June 2022 (so-called Bridge Loans AM) and under loan agreements dated 19 October 2021, 23 November 2021 and 14 December 2021 (so-called GPFOF Loans Agreements);
    - Golden Partner SA: kCHF 28 representing due interests under extinguished loan agreement dated 18 February 2021 (so-called GP N&G Loan Agreement);
    - Strategic Equity Fund – E Money Strategies (EMS): kCHF 605 representing due interests under extinguished loan agreement dated 30 June 2018 (so-called Facility B/C Loans), dated 10 August 2018 (so called ROFO Loans), dated 7 June 2019 (so-called WCL 2019 Loans) and dated 27 December 2019 (so-called WCL 2020 Loans); and
    - Strategic Equity Fund SCA SICAV FIAR (renewable Energy – RE): kCHF 1'875 representing due interests under extinguished loan agreements dated 30 June 2018 (so-called Facility B/C Loans), dated 10 August (so-called ROFO Loans), dated 7 June 2019 (so-called WCL 2019 Loans), dated 27 December 2019 (so-called WCL 2020 Loans) and dated 5 December 2018 (so-called CL and CL Extension Loans).

  As part of the conversion of debt into equity, the Company issued 109'618'116 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2022.

d) 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 16’760 and is divided into the following components:

e) 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 2022, no shares were issued on the basis of Article 3ter of the Articles of Association.

f) Conditional capital reserved for financing purposes

Further to the decisions made by the shareholders at the shareholders’ general meeting held on 30 September 2022, pursuant to Article 3quinquies of the Articles of Association, the Company's share capital can be increased by a maximum aggregate amount of kCHF 16’160, by issuing a maximum of 161’598’544 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:

- 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
- For the purpose of financing or refinancing of investments or the expansion plan of the Company; or
- If the Financial Instruments are issued to strategic investors or partners; or
- If the Financial Instruments are issued on national or international capital markets or through a private placement; or
- 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
- 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 3quinquies (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.

g) Authorised share capital

Further to the decisions made by the shareholders at the shareholders' general meeting held on 30 September 2022, pursuant to Article 3quater of the Articles of Association, the Board of Directors is authorised until 30 June 2024 to increase the share capital up to a maximum amount of kCHF 16'760 through the issue of a maximum of 167'598'544 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:

- 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
- 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
- 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
- In connection with the options granted to Talisman Infrastructure International Ltd, a company associated with Talisman Infrastructure Ventures LLP; or
- 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
- In order to use the shares as consideration in the event of mergers, acquisitions or investments of the Company; or
- For issuing new shares if the issue price of the new shares is determined by reference to the market price; or

- 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
- For the purposes of national and international offerings of shares for the purpose of increasing the free float or to meet applicable listing requirements; or
- For the purpose of the participation of strategic investors or partners; or
- For the purpose of financial restructuring, in particular for the conversion of debt into equity; or
- 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.

4.6.15 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 SA 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:

	2022		2021	
	Average strike price per share	**Number of awards**	**Average strike price per share**	**Number of awards**
At the beginning of the year	1.93	3,545,000	1.88	3,900,000
Granted		-		-
Forfeited	1.41	-1,265,000	1.38	-355,000
Expired		-445,000		-
At the end of the year	**2.76**	**1,835,000**	**1.93**	**3,545,000**

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:

	2018 attribution	**2019 attribution**
Number of options granted	1,565,000	1,755,000
Grant date	3.12.18	20.09.19
Vesting period	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	03/12/25	20/09/26
Share price at grant date	1.88	1.56
Exercise price	1.50	1.26
Cap	6.00	5.04
Volatility (annualized)	55.14%	54.97%
Risk free interest rate (annualized)	0.00%	0.00%
Fair Value of the option at grant date	0.59	0.50

The expense recognised in the income statement for share options granted to directors and employees amounts to kCHF 0 on 31 December 2022 as no share options grant took place in 2022 (2021: kCHF 257).

Reserve for share-based payment

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

	2022	**2021**
	kCHF	kCHF
As at 1 January	**2,311**	**2,329**
Capped stock option plan - options granted	-	-
Capped stock option plan - options vested	-	258
Capped stock option plan - options forfeited	-1,356	-276
Capped stock option plan - options expired	-	-
As at 31 December	**955**	**2,311**

4.6.16 Pensions And Other Post-Employment Benefit Plans

The Group has one defined benefit pension plan, covering all 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.

In 2022, Leclanché SA changed its pension plan: the former Caisse de Retraite Leclanché SA (autonomous foundation) is being liquidated and the employees and their funds have been transferred to a collective pension fund.

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 2022.

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 (asset) / 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 2021	47,035	-40,850	6,185
Pension costs			
Current service cost	3,044	0	3,044
Interest expense/(income)	37	-33	4
Employee contributions	0	-1,205	-1,205
	50,116	**-42,088**	**8,029**
Remeasurements			
Change in demographic assumptions	0	0	0
Change in financial assumptions	-1,858	0	-1,858
Other actuarial (gain) / losses	-2,361	0	-2,361
(Gain) / losses on plan assets	0	-2,657	-2,657
	-4,220	**-2,657**	**-6,877**
Contribution			
Company contributions	0	-1,205	-1,205
Benefits payments	-1,669	1,669	0
As at 31 December 2021	**44,228**	**-44,281**	**-53**

	Present value of obligation	Fair value of plan assets	Total
	kCHF	kCHF	kCHF
As at 1 January 2022	44,228	-44,281	-53
Pension costs			
Current service cost	3,142	0	3,142
Interest expense/(income)	147	-152	-5
Employee contributions	0	-1,324	-1,324
Impact of plan amendment	1,058	0	1,058
	4,348	**-1,476**	**2,872**
Remeasurements			
Change in demographic assumptions	0	0	0
Change in financial assumptions	-10,228	0	-10,228
Other actuarial (gain) / losses	5,167	0	5,167
(Gain) / losses on plan assets	0	40	40
	-5,061	**40**	**-5,021**
Contribution			
Company contributions	0	-1,324	-1,324
Benefits payments	-4,393	4,393	0
As at 31 December 2022	**39,121**	**-42,647**	**-3,526**

The impact of the plan amendment is related to the transfer to a new collective pension fund, where the conversion rates are different from rates applied by the former autonomous foundation.

The amounts recognised in the balance sheet are as follows:

	31/12/2022	31/12/2021
	kCHF	kCHF
Present value of funded obligations	39,121	44,228
Fair value of plan assets	-42,647	-44,281
Deficit of funded plans	**-3,526**	**-53**

As of the last valuation date, the present value of the defined benefit obligations was related to 187 active employees (2021: 158).

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:

	2022	2021
Discount rate	2.30%	0.35%
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:

		2022		2021	
Impact of defined benefit obligation	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	-6.1%	6.8%	-7.0%	8.0%
Salary growth rate	0.5%	0.7%	-0.6%	0.8%	-0.8%
Pension growth rate	0.5%	4.6%	-4.2%	5.4%	-4.9%

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 2022 amount to kCHF 1’270 (2021: kCHF 1’205).

The weighted average duration of the defined benefit obligation is 13.2 years (2021: 15.1 years).

a) Funding levels

As of 31 December 2022, the Legal coverage (art. 44 OPP2) of the new collective pension fund was 114.2% (former autonomous foundation 112.74%).

b) Investments by asset class

The major categories of plan assets are as follows:

	2022	2021
	kCHF	kCHF
Cash	1,066	4,398
Swiss Bonds	8,529	3,924
Foreign Bonds	6,824	9,459
Swiss Shares	5,118	8,662
Foreign Shares	7,250	8,491
Real estates	8,529	7,117
Alternative investments	5,331	2,231
Fair value of plan assets	**42,647**	**44,281**

All assets are quoted, except Cash and Buildings within the category Real estates.

c) Defined Contribution Plan

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

4.6.17 Provisions

	Onerous contracts	Litigation	Total
	kCHF	kCHF	**kCHF**
As of 1 January 2021	**8,439**	**90**	**8,530**
Allocation to provision	1,774	-	**1,774**
Release of provision	-	-	**-**
Use of provision	-3,263	-	**-3,263**
As of 31 December 2021	**6,951**	**90**	**7,041**
As of 1 January 2022	**6,951**	**90**	**7,041**
Allocation to provision	15,122	384	**15,506**
Release of provision		-	**-**
Use of provision	-5,262	-	**-5,262**
As of 31 December 2022	**16,811**	**474**	**17,285**
Current 2021	6,951	90	**7,041**
Non-current 2021	-	-	**-**
	6,951	**90**	**7,041**
Current 2022	16,811	474	**17,285**
Non-current 2022	-	-	**-**
	16,811	**474**	**17,285**

The provisions for onerous contracts represent 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 litigation with a former employees occurred in 2019 for kCHF 40. The provision had been increased to kCHF 90 in 2020 and remain unchanged since.

Two new provisions for litigations have been booked for clients Deltro Group in the amount of kCHF 334 and Allaqua GmbH for kCHF 50.

4.6.18 Convertible Loans And Warrants

Convertible loans

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

	31/12/2022	31/12/2021
	kCHF	kCHF
Host liability- non-current liabilities	7,139	-
Embedded derivatives	12,927	-
Convertible loans - non-current liabilties	**20,066**	-
Host liability - current liabilities	10,566	-
Embedded derivatives	4,570	-
Accrued interests and conversion fees	-	-
Convertible loans - current liabilities	**15,136**	-
Value of Convertible Loans at the end of the period	**35,202**	**-**

As of 31 December 2021, there was no outstanding convertible loan. As of 31 December 2022, the convertible loans have been presented in the current liabilities for the ones carrying a maturity date before 31 December 2023 and in non-current liabilities for the ones carrying a maturity date beyond 31 December 2023.

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

The external alternative investment fund manager of SEF-LUX agreed to provide Leclanché SA with a CHF 25 million convertible loan (the "2020 WCL") until 31 March 2020, with a 31 December 2021 maturity in accordance with a Facilitation Agreement ("2020 Facilitation Agreement") signed on 23 December 2019 by Leclanché SA, Golden Partner (Shanghai) Asset Management Co. Ltd and Golden Partner SA.[7]

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.

On 30 March 2021, the outstanding amount of kCHF 3'164 has been converted. Consequently, the totality of the 2020 WCL has been converted into equity.

As of 31 December 2021, interests for kCHF 1'091 remained outstanding under the 2020 WCL. kCHF 685 out of these interests of kCHF 1'091 were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital). As of 31 December 2022, interests for kCHF 406 remain outstanding under the 2020 WCL.

[7] This paragraph was amended on 23 June 2023.

b) GPFOF Bridge Loans

On 18 October 2021, 22 November 2021 and 10 December 2021 respectively, three bridge loan agreements ("**GPFOF Bridge Loans**") have been signed between the Company and Golden Partner FOF Management Sàrl ("**GPFOF**") granting to the Company kCHF 2'500, kCHF 3'000 and kCHF 4'100 respectively. On 14 February 2022 and 17 May 2022 respectively, Golden Partner FOF Management Sàrl signed subordination agreement with the Group, in which it agreed to subordinate kCHF 5'500 and kCHF 4'100 respectively of existing claims against the Group. The three above GPFOF Bridge Loans bore interest of 9 to 12% per annum. These three bridge loans became convertible through the signature of a "Conversion agreement" ("WCBLT Term Sheet") on 4 February 2022. These three loans, as well as accrued related interests amounting to kCHF 817, have been fully converted on 17 November 2022, in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million (see Note 4.6.14). As of 31 December 2022, interests for kCHF 16 remain outstanding under the GPFOF Bridge Loans.

The "GPFOF bridge loans" have been converted with a 20% discount at a conversion price of 80% of the VWAP calculated over the 10 days preceding 2nd September 2022.

On 17 November 2022, the outstanding amount of host liability and embedded derivatives of kCHF 2'280 has been converted into equity.

c) Working Capital Bridge Loan ("WCBL") - AM Investment S.C.A. SICAV - FIS

On 4 February 2022, the Group signed a Working Capital Bridge Loan ("WCBL") Term Sheet with AM Investment S.C.A. SICAV - FIS. Through this agreement, amongst other, the parties have agreed to provide Leclanché SA with an aggregate financing of kCHF 20'400 between January and April 2022. This loan bore interest of 12% per annum.

The following tranches were paid:

- On 24 January 2022: kCHF 5'000
- On 24 February 2022: kCHF 5'000
- On 21 March 2022: kCHF 7'500
- On 26 April 2022: kCHF 2'900

On 22 February 2022, AM Investment S.C.A. SICAV - FIS signed a subordination agreement with the Group, in which it agreed to subordinate kCHF 30'240 of existing and future claims against the Group.

SEF-LUX converted the various loans granted in 2022 for a total amount of kCHF 21'700 (principal plus accrued interest of kCHF 1'300) on 17 November 2022, in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million (see Note 4.6.14). As of 31 December 2022, interests for kCHF 926 remain outstanding under the WCBL Loans.

The "WCBL loans" have been converted with a 25% discount at a conversion price of 75% of the VWAP calculated over the 10 days preceding 2nd September 2022.

On 17 November 2022, the outstanding amount of host liability and embedded derivatives of kCHF 6'665 has been converted into equity.

d) AM Investment S.C.A. SICAV - FIS – liquid Assets Sub-Fund

On 16 June 2022, AM Investment S.C.A. SICAV - FIS – Liquid Assets Sub-Fund granted a financing of kCHF 7’000 to Leclanché SA, as a short-term convertible bridge loan. This loan has a maturity date to 15 June 2023 and bears interest at a rate of 8% per annum. This loan has been subordinated in full. As of 31 December 2022, principal of kCHF 7’000 and interests for kCHF 300 remain outstanding under the AM Investment S.C.A. SICAV - FIS – liquid Assets Sub-Fund.

As of 31 December 2022, host liability and embedded derivative amounting to kCHF 8’077 remain outstanding.

e) Strategic Equity Fund SCA Sicav RAIF[8]

On 19 July 2022, Strategic Equity Fund SCA Sicav RAIF – Renewable Energy granted a financing of kCHF 5’600, following the convertible loan agreement signed between the parties on 13 July 2022. This loan has a maturity date to 13 January 2023 and bears interest at a rate of 8% per annum. This loan has been subordinated on 13 July 2022.

As of 31 December 2022, principal of kCHF 5’600 and interests of kCHF 202 remain outstanding on the Strategic Equity Fund SCA Sicav RAIF – Renewable Energy.

On 29 August 2022, Strategic Equity Fund – Renewable Energy granted a financing of kCHF 3’400, following the convertible loan agreement signed between the parties on 24 August 2022. This loan has a maturity date to 25 August 2025 and bears interest at a rate of 8% per annum. This loan has been subordinated in full on 21 September 2022.

As of 31 December 2022, principal of kCHF 3’400 and interests of kCHF 96 remain outstanding on the Strategic Equity Fund – Renewable Energy.

On 28 September 2022, Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy granted a financing of kCHF 3’741, following the convertible loan agreement signed between the parties on 26 September 2022. This loan has a maturity date to 27 September 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 3’741 and interests of kCHF 78 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy.

On 28 October 2022, Strategic Equity Fund c/o Strategic Equity Fund – E-Money granted a financing of kCHF 1’000, following the convertible loan agreement signed between the parties on 26 October 2022. This loan has a maturity date to 26 October 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 1’000 and interests of kCHF 14 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – E-Money.

On 2 November 2022, Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy granted a financing of kCHF 11’000, following the convertible loan agreement signed between the parties on 26 October 2022. This loan has a maturity date to 26 October 2025 and bears interest at a rate of 8% per annum.

As of 31 December 2022, principal of kCHF 11’000 and interests of kCHF 159 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy.

On 30 December 2022, Strategic Equity Fund c/o Strategic Equity Fund – Multi Asset Strategy granted a financing of kCHF 500, following the convertible loan agreement signed between the parties on 29 December 2022. This loan has a maturity date to 29 December 2025 and bears interest at a rate of 8% per annum.

[8] This paragraph was amended on 23 June 2023.

As of 31 December 2022, principal of kCHF 500 and interests of kCHF 0.2 remain outstanding on the Strategic Equity Fund c/o Strategic Equity Fund – Multi Asset Strategy.

As of 31 December 2022, host liability and embedded derivative amounting to kCHF 27’125 remain outstanding.

f) Securities

All SEF-LUX convertible loans and loans presented in Notes 17 and 18 are secured as follows:

For the SEF-LUX loan agreements dated 16 June 2022, 24 August 2022, 26 September 2022, 26 October 2022 and 29 December 2022, all shares in Leclanché E-Mobility SA, being 10’000’000 registered shares with a par value of CHF 0.01 each, representing 100% of the share capital and voting rights, are being pledged in the first rank according to a Share Pledge Agreement dated 16 June 2022, in the second rank according to a Share Pledge Agreement dated 24 August 2022, 26 September 2022 and 26 October 2022 and in the fifth rank according to a Share Pledge Agreement dated 29 December 2022 (each with SEF-EMS, SEF-RE and SEF-MAS). Leclanché, as pledgor, secures for the payment and discharge for any and all monies, liabilities and all claims and obligations the pledgee may be entitled to or have now or in the future against the issuer under or in relation to the loan agreement, including all interest and commissions due or to become due thereon, as well as all costs, fees and expenses, including court or reasonable out-of-court cost and reasonable attorney's expenses arising in connection therewith or with the protection, preservation, or realisation of the security granted.

The SEF-LUX loan agreement dated 13 July 2022 is secured by a first ranking pledge all of the shares in Leclanché (St. Kitts) Energy Holdings Limited representing 60% of the shares and all 60 Class A shares in Leclanché (St. Kitts) Energy Holdings Limited according to a share pledge agreement dated 13 July 2022. Leclanché SA, as pledgor, secures for the payment for all monies, liabilities and all claims and obligations the pledgee may be entitled to have or have now or in the future against the issuer under or in relation to the loan agreement, including all interest and commissions due or to become due thereon, as well as all costs, fees and expenses, including court or reasonable out-of-court cost and reasonable attorney's expenses arising in connection therewith or with the protection, preservation, or realisation of the security granted.

A security package, which secured some earlier loans (SEF-LUX convertible loans), consisting of (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 the various convertible and non-convertible Loans, was released on 7 March 2022 with the security release agreement (*Vereinbarung zur Freigabe von Sicherheiten*) and on 7 March 2022 with the Swiss release agreement.

Warrants

a) 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 2022 and 2021. As of 31 December 2022, there were 0 (2021: 0) outstanding and unexercised Series A Warrants and 594’876 (2021: 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 (2021: kCHF 640).

b) Yorkville Warrant Agreement

On 14 February 2020, Leclanché SA signed a warrant agreement with YA II PN, LTD (“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 SA, Yorkville is entitled to receive or, respectively, receives one Leclanché SA 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 SA 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. No additional warrant have been issued in 2021 and 2022.

c) WCBL Warrants

As mentioned under above section A (Convertible loans), on 4 February 2022, the Group signed a Working Capital Bridge Loan (“WCBL”) Term Sheet with AM Investment S.C.A. SICAV - SIF and Golden Partner SA. Subject to the terms of the WCBL term sheet, as a compensation attached to the WCBL, the Company agrees to provide the lenders and investment advisors with a total of 10 million warrants to purchase Leclanché SA shares. These warrants have an exercise price of the prevailing 60-day VWAP of the execution date of the WCBL Tranche 1 loan agreement (CHF 0.6360). The warrants have a maturity of two years from the execution date of the WCBL agreement (being 4 February 2022). These warrants have been valued at fair value at grant date (kCHF 2’448) using the Binomial Model.

4.6.19 Loans

	31/12/2022	31/12/2021
	kCHF	kCHF
Current loans	3,731	13,988
Non-current loans	32,590	34,214
	36,321	**48,203**

a) SEF-LUX loans

On 30 March 2017, a bridge loan of kCHF 2’704 (kEUR 2’500) was granted by SEF-LUX (“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 SEF-LUX 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 SA and AM Investment to extend the maturity of the loan to 31 December 2021. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making this loan convertible. This loan has been fully converted on 30 March 2021. As of 31 December 2022, only interests for kCHF 253 remain outstanding under the SEF-LUX EUR Bridge Loan (as of 31 December 2021: kCHF 253).

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 SA and AM Investment to extend the maturity to 31 December 2021. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making this loan convertible. This loan has been fully converted on 30 March 2021. As of 31 December 2022, only interests for kCHF 218 remain outstanding under the SEF-LUX CHF 3 million Bridge Loan (as of 31 December 2021: kCHF 218).

On 23 April 2019, a bridge loan in the amount of kCHF 1’270 was granted by SEF-LUX 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 SA and AM Investment to extend the maturity of this loan to 31 December 2021. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making this loan convertible. This loan has been fully converted on 30 March 2021. As of 31 December 2022, only interests for kCHF 186 remain outstanding under the SEF-LUX CHF 1.270 Bridge Loan (as of 31 December 2021: kCHF 186).

b) e-Transport Bridge Loan

On 4 September 2020, a bridge loan in the amount of kCHF 34’000 was granted by SEF-LUX to the Company ("e-Transport Bridge Loan"), bearing interest of 9 to 12% per annum. On 12 March 2021, a Conversion Agreement has been signed between SEF-LUX and the Company making convertible the kCHF 23’500 already drawn down under the e-Transport Bridge Loan at this date. This amount has been fully converted on 30 March 2021.

The remaining kCHF 10’500 had been drawn down during 2021 The e-Transport bridge loan became convertible through the signature of a conversion agreement on 30 August 2021 with a conversion at 85% of the prevailing 60-day VWAP. The conversion took place through an ordinary capital increase on 9 September 2021.

As of 31 December 2022, interests for kCHF 1’325 remained outstanding under the e-Transport Bridge Loan (as of 31 December 2021: kCHF 1’325).

c) Trading Finance Loan 2021

In order to provide the Company with the amount of financing it requires to continue as a going concern, Golden Partner SA through its related party Golden Partner Holding S.à r.l. – Luxembourg has granted the Company a loan ("Trading Finance Loan 2021") in the amount of kCHF 10'700. On 4 February 2021, Golden Partner Holding S.à r.l. and the Company signed the Trading Finance Loan 2021 Agreement.

As of 31 December 2021, the Company had received the totality of the loan for kCHF 10'700. The Trading Finance Loan 2021 had become convertible through the signature of a conversion agreement on 30 August 2021 with a conversion at 85% of the prevailing 60-day VWAP. The conversion took place through an ordinary capital increase on 9 September 2021.

As of 31 December 2021, interests for kCHF 479 remained outstanding under the Trading Finance Loan 2021. These interests, amounting to kCHF 493 at conversion date, were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Section 2. Capital Structure / Change in share capital).

d) Nice & Green Share Purchase Program ("SPP") – Golden Partner SA

On 18 February 2021, Golden Partner SA and the Company have signed a loan agreement, the "**GP-LSA Loan Agreement Nice & Green Proceeds**", regarding the grant of a loan in an amount of 80% of the net proceeds from the sale of certain Company shares held by the Lender and in an amount of no less than kCHF 32'900.

The GP-LSA Loan Agreement Nice & Green Proceeds has become convertible through the signature of a conversion agreement on 30 August 2021 with a conversion at 85% of the prevailing 60-day VWAP. The conversion took place through an ordinary capital increase on 9 September 2021.

e) Nice & Green Share Purchase Program ("SPP") – AM Investment

On 31 May 2021, AM Investment SCA, SICAV-SIF and the Company signed a loan agreement, the "**AM-LSA Loan Agreement Nice & Green Proceeds**", regarding the grant of a loan in an amount of 90% of the net proceeds from the sale of certain Company shares held by the Lender. This loan bore interest of 3% per annum. This loan became convertible through the signature of a conversion commitment letter on 2 September 2022

This loan, principal for kCHF 3'297, as well as the accrued related interests amounting to kCHF 361, have been fully converted on 17 November 2022.

The "AM-LSA Loan Agreement Nice & Green Proceeds" has been converted with a 15% discount at a conversion price of 85% of the VWAP calculated over the 10 days preceding 2nd September 2022.

f) AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund

On 14 June 2022, AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund granted a financing of kCHF 2'500 to Leclanché SA, as a short-term bridge loan. This loan has a maturity date to 31 December 2022 and bears interest at a rate of 8% per annum. This loan has been subordinated in full.
As of 31 December 2022, principal of kCHF 2'500 and interests of kCHF 103 remain outstanding under the AM Investment – illiquid Assets Sub-Fund.

g) 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 SA 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 was 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 is secured, thus benefiting from the security package of the same rank (pari passu) as that granted to secure certain debts to SEF-LUX. 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 2022, principal of kCHF 4’947 (31 December 2021: kCHF 5’177) and interests of kCHF 803 (31 December 2021: kCHF 371) remain outstanding under the Eneris LA.

h) 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 September 2027 as maturity date (an extension of the maturity was granted by BCV on 29 March 2021), is subject to quarterly capital repayment of kCHF 22 (since 31 March 2022). It bore no interest until 31 March 2023. Since 1 April 2023, it will bear an annual interest rate of 1.5%.

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 September 2027 as maturity date (an extension of the maturity was granted by BCV on 19 March 2021), is subject to quarterly capital repayment of kCHF 191 (since 31 March 2022). It bore an average annual coupon of 0.7%. Since 1 April 2023, it will bear an annual interest rate of 2.0%.

i) St Kitts construction loan

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.

On 25 June 2021, this loan has been terminated and replaced by a loan established in USD (USD 24’000’000) for an equivalent of kCHF 21’943, the “**St Kitts construction loan**” with a maturity date of 25 June 2041 and with annual interest rate at 7%.

As of 31 December 2021, interests for kCHF 775 remained outstanding. These interests, amounting to kCHF 1’608 at conversion date, were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 41.3 million on 17 November 2022 (see Note 4.6.14). As of 31 December 2022, interests for kCHF 727 remain outstanding under the St-Kitts construction loan.

j) Copernic loan

Under the terms of the Copernic Building Y-Parc lease agreement signed on 22 June 2020 and amended on 16 March 2021, Leclanché E-Mobility SA has contracted a kCHF 4’300 loan payable over 15 years to finance leasehold improvements and other installation costs, the “**Copernic loan**”. This loan bears an annual interest rate of 5%. As per contract, the repayment of the Copernic loan has started in June 2021.

4.6.20 Net Debt Reconciliation

	31/12/2022	31/12/2021
	kCHF	kCHF
Cash and cash equivalents	1,362	2,870
Convertible loans - repayable within one year	-20,066	-
Convertible loans - repayable after one year	-15,136	-
Loans - repayable within one year	-3,731	-13,988
Loans - repayable after one year	-32,590	-34,214
Lease liabilities -short term	-2,743	-3,000
Lease liabilities - long term	-19,646	-21,887
Net Debt	**-92,550**	**-70,220**
Cash and liquid investments	1,362	2,870
Gross debt - fixed interest rates	-93,912	-73,089
Net Debt	**-92,550**	**-70,220**

	Cash and cash equivalents	Convertible loans	Loans	Lease liabilities	Total
	kCHF	kCHF	kCHF	kCHF	kCHF
Net Debt as of 1 January 2021	**1,772**	**-3,164**	**-36,234**	**-7,789**	**-45,415**
Transfer from Loans to Convertible Loans	-	-53,921	53,921	-	**-**
Cash inflow	-	-	-61,685	-	**-61,685**
Cash outflow (+) for liabilties, (-) for assets	1,507	-	225	2,247	**3,979**
Acquisition - leases	-	-	-	-19,318	**-19,318**
Conversion to equity	-	62,516	-	-	**62,516**
Equity component of convertible loans & wa	-	-	-	-	**-**
Finance costs	-	-7,270	-2,262	-215	**-9,747**
Convertible loans issue costs	-	-	-	-	**-**
Interests paid	-	-	153	215	**368**
Interests accrued for	-	1,668	2,109	-	**3,777**
Foreign exchange adjustments	-409	171	236	-	**-2**
Covid-19 subsidies	-	-	-241	-	**-241**
Net Debt as of 31 December 2021	**2,870**	**0**	**-48,203**	**-24,887**	**-70,220**
Net Debt as of 1 January 2022	**2,870**	**0**	**-48,203**	**-24,887**	**-70,220**
Transfer from Loans to Convertible Loans	-	-9,600	9,600	-	**-**
Cash inflow	-	-52,641	-2,500	-	**-55,141**
Cash outflow (+) for liabilties, (-) for assets	-1,497	-	990	2,864	**2,357**
Acquisition - leases	-	-	-	-262	**-262**
Conversion to equity	-	45,018	5,266	-	**50,284**
Equity component of convertible loans & wa	-	-	-	-	**-**
Finance costs	-	-16,145	-2,793	-354	**-19,293**
Convertible loans issue costs	-	-125	-	-	**-125**
Interests paid	-	-	200	354	**554**
Interests accrued for	-	-1,709	572	-	**-1,137**
Foreign exchange adjustments	-11	2	231	-	**222**
Covid-19 subsidies	-	-	-539	-	**-539**
Net Debt as of 31 December 2022	**1,362**	**-35,201**	**-36,321**	**-22,389**	**-92,550**

4.6.21 Trade And Other Payables

	31/12/2022	31/12/2021
	kCHF	kCHF
Trade payables	**10,838**	**12,077**
Other payables:	**15,449**	**16,650**
Accruals	9,697	11,035
Payroll and social charges	4,913	5,611
Other payables	838	4
	26,286	**28,727**

4.6.22 Financial Instruments

a) 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- 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 Fair Value Through Profit and Loss (“FVTPL”) cost value is still the best evidence of the fair value. It consists of investments in structured entities. For additional information, see Note 4.6.11.

b) Embedded derivatives

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

	31/12/2022	31/12/2021
	kCHF	kCHF
At 1 January	-	560
Embedded derivatives disposed	-8,945	-560
Embedded derivatives acquired	26,442	-
At 31 December	**17,497**	**-**

c) Recognised fair value measurement

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

4.6.23 Financial Risk Management

a) 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, October 2019 and October 2020. A full assessment of the risks has been again performed in 2021 with a finalisation in June 2021 and a presentation to the Audit and Risk Committee in October 2021. 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.

b) 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.

c) 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
2022	+/- 5%	+/- 3009	+/- 2944
2021	+/- 5%	+/- 166	+/- 841

d) 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.

e) 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 4.6.13.

There is a concentration of credit risk with two customers that represent respectively 33% and 28% of the Group's outstanding trade receivables. In 2020, there was a concentration of credit risk with two customers that was representing respectively 43% and 21% of the Group's outstanding trade receivables. Nevertheless, no heightened recoverability risk has been identified.

As of 31 December 2021, there is a geographical concentration linked to the two above customers, in USA and in the Netherlands respectively. Nevertheless, given the nature of these two countries, it does not imply additional financial risks for the Group. 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 2021, the credit risk exposure on the Group's receivables and contract assets is as follows:

	31/12/2022	**31/12/2021**
	kCHF	kCHF
Expected credit loss rate	13.1%	3.8%
Gross carrying amount for trade receivables	4,804	2,313
Gross carrying amount for contract assets	3,446	2,741
Provision for credit losses	-1,077	-194

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.

f) 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.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Total
Year ended 31 December 2022				
Trade and other payables	10,943	7,562	7,781	**26,286**
Convertible loans	6,727	8,409	20,066	**35,202**
Loans	2,765	966	32,590	**36,321**
Lease liabilities	686	2,743	19,646	**22,389**
Year ended 31 December 2021				
Trade and other payables	16,981	11,745	-	**28,727**
Convertible loans	-	-	-	**-**
Loans	-	13,983	34,626	**48,609**
Lease liabilities	804	2,411	23,836	**27,051**

g) Capital management

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

See Notes 4.6.14, 4.6.18a and 4.6.18c regarding fund raises executed during the year.

The Company completed the following balance sheet restructuring actions during the course of 2022:

- a conversion of existing loans and outstanding interests in the amount of kCHF 41'240 into equity through an ordinary capital increase on 17 November 2022.

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 2022 will satisfy the Company’s working capital requirements until the end of Q2 2023. See also Note 2 “Critical accounting estimates and judgments – uncertainties and ability to continue as a going concern.

4.6.24 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 2022, the guarantees in issue were kCHF 2’657 (2021: kCHF 3’199).

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 4.6.16.

4.6.25 Assets Pledged

See Note 4.6.18a regarding the assets pledged as collateral for SEF-LUX’s convertible and non-convertible loans.

4.6.26 Related Party Disclosures

The following transactions were carried out with related parties.

a) Key Management compensation

The compensation to key Management is shown below:

	2022	**2021**
	kCHF	kCHF
Salaries and other short-term employee benefits	2,171	1,944
Post-employment benefits	117	141
Share-based payments	-	175
Total	**2,288**	**2,260**

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

b) Related parties

Related parties are defined as follows:

- **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)) was 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. Leclanché SA held 16.00% of shares until it sold its shareholding on November 4, 2022 (see Note 4.6.11)
- **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 his successor in July 2020 and is also the principal partner of Silveron. Mr. Bryan Urban left the Company in April 2021 and was hired back in August 2022.

c) P&L Tranactions

	2022	2021
	kCHF	kCHF
Revenues		
- to USGEM on Marengo project	-	855
- to Nexcharge	-	100
	-	**955**
Finance costs		
- from SEF-Lux	20,004	15,159
	20,004	**15,159**
Finance income		
- to USGEM / SGEM	42	35
- to Solec Power Ltd	-	-40
	42	**-5**

d) Year-end balances

	12/31/2022	12/31/2021
	kCHF	kCHF
Included in current and non-current assets:		
- long term loan from USGEM	948	904
- long term loan from SGEM	184	178
- receivable from Marengo	57	696
- receivable from Nexcharge	-	-
- receivable from SGEM	360	360
- investment in associate Nexcharge	-	-
	1,550	**2,138**
Included in current and non-current liabilities:		
- loans & fees due to SEF-Lux advisors	154	9,146
- loans due to SEF-Lux	60,702	31,556
- trade and other payables due to SEF-Lux advisors	874	924
- trade and other payables due to Silveron	82	319
	61,812	**41,945**

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.

4.6.27 Subsequent Events

- **a)** On 3 January 2023, the Group has received an additional financing of kCHF 3'077 from Strategic Equity Fund SCA SICAV RAIF– Renewable Energy, following the convertible loan agreement signed between the parties on 28 December 2022.
- **b)** On 8 February 2023, the Group has received an additional financing of kCHF 407 from Strategic Equity Fund SCA SICAV RAIF – E-Money, following the convertible loan agreement signed between the parties on 7 February 2023.
- **c)** On 8 February 2023, the Group has received an additional financing of kCHF 305 from Strategic Equity Fund SCA SICAV RAIF– Multi Asset Strategy, following the convertible loan agreement signed between the parties on 7 February 2023.
- **d)** On 8 February 2023, the Group has received an additional financing of kCHF 305 from Strategic Equity Fund SCA SICAV RAIF– Renewable Energy, following the convertible loan agreement signed between the parties on 7 February 2023.
- **e)** On 9 February 2023, the Group has received an additional financing of kCHF 1'018 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 7 February 2023.
- **f)** On 17 March 2023, the Group has received an additional financing of kCHF 1'014 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 14 March 2023.
- **g)** On 23 March 2023, the Group has received an additional financing of kCHF 6'581 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 22 March 2023.
- **h)** On 31 March 2023, SEF-EMS and SEF-MAS have merged into SEF-RE, which is the only creditor from SEF-side.
- **i)** On 24 April 2023, the Group has received an additional financing of kCHF 5'811 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 21 April 2023.
- **j)** On 30 May 2023, Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, has signed the bank transfer for the Group for additional financing of kCHF 6'700 following the convertible loan agreement signed between the parties on 30 May 2023.
- **k)** On 30 May 2023, Strategic Yield Fund RAIF has signed the bank transfer for the Group for an additional financing of kCHF 1'000, following the convertible loan agreement signed between the parties on 30 May 2023.
- **l)** On 30 May 2023, SEF provided a comfort letter to the Group ensuring that under certain conditions SEF will provide the funding requirements determined by the Board of the Group up to an amount of kCHF 35'500.

Leclanché Group

5 Report of the statutory auditor on the consolidated financial statements

mazars

LECLANCHE SA
Yverdon-les-Bains

Report of the Statutory Auditor
to the General Meeting
on the consolidated financial statements
for the year ended 31 December 2022

Mazars SA
World Trade Center
Avenue Gratta-Paille 2
CH-1018 Lausanne

Tel: +41 21 310 49 49
www.mazars.ch

Report of the statutory auditor to the General Meeting of LECLANCHE SA, Yverdon-les-Bains

Report on the Audit of the Cconsolidated Financial Statements

Opinion

We have audited the consolidated financial statements of LECLANCHE SA and its subsidiaries (the Group), which comprise the consolidated income statement as at 31 December 2022, the statement of comprehensive loss, the consolidated balance sheet, the consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 48 to 111) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

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 4.6.4.1 to these consolidated financial statements, which states that the Group is aware of the current challenging financial market conditions to finance the growth plan. This, along with other matters as described in note 4.6.4.1 indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other matters

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who issued an unmodified audit opinion on those financial statements as of 19 July 2022.

Leclanché
Energy Storage Solutions

mazars

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 below to be the key audit matters to be communicated in our report.

Revenue recognition for "projects"

Areas of focus

Revenues resulting from "projects" (see note 4.6.6) amounted to KCHF 13 160, representing 73% of total revenues for the year end 31 December 2022. There are two critical judgements made by management relating to these revenues 1) the assessment of whether project contracts comprise one or multiple performance obligations and 2) whether the method and estimates used in the measurement of progress calculations and provisions for expected losses are appropriate.

Performance obligations (see note 4.6.3.6)

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: delivery of an energy storage solution. Management has assessed that the criteria required to conclude that performance obligations are satisfied or have been met.

Measurement of revenue recognition over time (see note 4.6.3.6)

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 notably concerning the provision for expected losses, as explained in note 2, "critical accounting estimates and judgements".

Our audit response

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 a detailed analysis of the projects and verified its mathematical accuracy. We assessed the detailed analysis in light of our understanding of the business, discussions with management and review of the minutes of the Board of Directors.

For a sample of projects, we performed the following:

- We agreed project aspects to signed contracts and details.
- 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 the project's revenue to be appropriate.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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, ISA and SA-CH 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

During our audit, performed in accordance with article 728a paragraph 1 item 3 CO and Swiss auditing Standard 890, we noted that an internal control system which has been designed in accordance with the instructions of the Board of Directors for the preparation of the consolidated financial statements is adequately documented, but has not been implemented in all material respects for the group financial reporting process.

In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

mazars

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

MAZARS LTD

Michael Ackermann
Licensed audit expert
(Auditor in charge)

Issam Kacem
Licensed audit expert

Lausanne, May 30, 2023

Attachments

- Consolidated Financial Statements (income statement, statement of comprehensive loss, balance sheet, statement of changes in equity and statement of cash flow and notes)

Leclanché SA

6 Statutory financial statements 2022

Leclanché
Energy Storage Solutions

6.1 Balance sheet as of 31 December 2022

(in kCHF)

Assets	**Notes**	**31/12/2022**	**31/12/2021**
Current assets			
Cash and cash equivalents		1,184	2,281
Trade receivables -		1,345	2,119
due from third parties		*2,317*	*2,313*
Allowance on trade receivables (third parties)		*-973*	*-194*
Other current receivables -		2,132	2,144
due from third parties		*2,959*	*2,971*
Allowance on other current receivables		*-827*	*-827*
Inventories	6.5.1	2,549	18,756
Accrued income and prepaid expenses		1,592	3,287
Advances to suppliers		4,419	2,819
Loans to external parties		393	411
Total current assets		**13,615**	**31,817**
Non-current assets			
Financial assets -		9,343	13,690
Loans to group companies		*41,861*	*31,458*
Loans to external parties		*9,759*	*9,573*
Allowance on loan to group companies		*-36,500*	*-23,185*
Allowance on loan to external parties		*-7,614*	*-7,219*
Other financial assets	*6.5.4*	*1,836*	*3,063*
Investments		103	106
Investment in subsidiaries and associates		*8,238*	*66,480*
Other investments		*504*	*504*
Allowance on investment in subsidiaries and associates		*-8,136*	*-66,374*
Allowance on other investments		*-504*	*-504*
Property, plant and equipment		173	11,018
Intangible assets	6.5.2	628	6,158
Total non-current assets		**10,247**	**30,972**
Total assets		**23,862**	**62,789**

Balance sheet as of 31 December 2022

(in kCHF)

Liabilities		**31/12/2022**	**31/12/2021**
Short-term liabilities			
Trade payables -		4,686	10,257
due to third parties		*4,686*	*10,257*
Short-term interest-bearing liabilities -		15,100	13,983
due to third parties		-	*1,086*
due to shareholders		*15,100*	*12,897*
Other short-term liabilities -		288	340
due to third parties		*288*	*340*
Accrued expenses and deferred income		11,966	19,549
Advances from customers		90	302
Short-term provisions		1,591	7,041
Total short-term liabilities		**33,720**	**51,472**
Long-term liabilities			
Long-term interest-bearing liabilities -		54,424	38,694
due to third parties		*9,165*	*13,316*
due to group companies		*3,676*	*3,436*
due to shareholders		*41,584*	*21,943*
Total long-term liabilities		**54,424**	**38,694**
Total liabilities		**88,144**	**90,166**
Shareholders' equity			
Share capital	6.5.8	44,481	33,520
Reserves from capital contribution	6.5.8	30,378	55,710
Other reserves	6.5.8	-26,944	-
Accumulated losses	6.5.8	-60,897	-41,499
Net result for the period	6.5.8	-51,301	-75,108
Total shareholders' equity		**-64,282**	**-27,377**
Total liabilities		**23,862**	**62,789**

Leclanché E-Mobility carved out from Leclanché SA from 1 January 2022. Comparative figures for 2021 include both entities LSA and LEM

6.2 Income statement for the year ended 31 December 2022

(in kCHF)

	Notes	31/12/2022	31/12/2021
Sales of goods and services		8,163	18,897
Other income		486	1,469
Cost of materials		367	-45,356
Inventory variations		389	6,178
Personnel costs		-6,498	-19,563
Other operating expenses	6.5.10	-9,912	-17,167
Depreciation, amortisation and impairment		-483	-1,432
Impairment on financial assets	6.5.11	-36,894	-9,481
Operating loss		**-44,382**	**-66,455**
Financial income	6.5.12	1,485	1,714
Financial expenses	6.5.13	-8,534	-10,367
Net result for the period		**-51,431**	**-75,108**
Extraordinary Income Out-of-Period	6.5.14	248	-
Extraordinary Expenses Out-of-Period	6.5.14	-119	-
Net result		**-51,301**	**-75,108**
Earnings before interest, taxes, depreciation and amortisation		**-7,005**	**-55,542**

6.3 General information

6.3.1 Corporate information

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 SA subsidiaries, joint ventures and associates are:

						31/12/2022		31/12/2021		
Name and legal form	**Note**	**Registered office (country)**	**Country**	**Currency**	**Share Capital**	**Capital**	**Vote**	**Capital**	**Vote**	
Leclanché E-Mobility SA	1	Yverdon-les-Bains	Switzerland	CHF	100,000	100%	100%	100%	100%	S
Leclanché North America Inc.		Wilmington, Delaware	USA	USD	0	100%	100%	100%	100%	S
Leclanché Canada Inc.		Victoria, British Colombia	Canada	CAD	-	100%	100%	100%	100%	S
Leclanché France SASU	2	Versailles	France	EUR	2,500	100%	100%	100%	100%	S
Leclanché Singapore Pte. Limited	3	Singapore	Singapore	USD	10,000	100%	100%	0%	0%	S
Leclanché (Saint Kitts) Energy Holdings Limited	4	Bridgetown	Barbados	USD	15,000,000	60%	60%	60%	60%	JV
Solec Power Ltd	5	Basseterre	St Kitts	USD	200,000	0%	0%	0%	0%	JV

S = 100% owned subsidiary, A = associate; JV = joint venture

(1) Leclanché E-Mobility SA was incorporated on 13 December 2021 and is fully owned by Leclanché SA

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

(3) Leclanché Singapore was incorporated on 9 June 2022 and is fully owned by Leclanché SA

(4) Leclanché (Saint Kitts) Energy Holdings Limited was incorporated on 26 October 2021 and is classified as joint arrangements (joint ventures). The contractual agreements between the Company and the other shareholders and the voting rights and other control mechanism embedded therein establish joint control as consent of all parties to the joint venture is needed to direct the relevant activities.

(5) Solec Power Ltd. (Saint Kitts) ("Solec") was incorporated on 29 March 2019. It is a project Company that will build own and operate a solar PV plant and battery energy storage system on the Caribbean Island of St. Kitts. The interest ownership of Leclanché SA was 50% at the end of 2020. In November 2021 Solec has been contributed in kind into Leclanché (Saint Kitts) Energy Holdings Limited.

Exide Leclanché Energy Private Limited (ELEPL) - Nexcharge was incorporated on 29 September 2018. During the year 2022 ELEPL was transferred to Leclanché E-Mobility SA. The Joint Venture has been exited on 4 November 2022 and kUSD 2'607 proceeds were recorded under Leclanché E-Mobility SA.

In 2022, Leclanché SA contributed to the capital of Leclanché GmbH for kCHF 13'061 (2021: kCHF 15'897).

Leclanché E-Mobility SA was carved out from LSA upon its incorporation on 13 December 2021, therefore the comparative figures 2021 are including both accounts Leclanché E-Mobility SA and Leclanché SA, whereas 2022 accounts present solely Leclanché SA and its subsidiaries, joint ventures and associates as presented in the table above.

6.3.2 Significant events of the period

6.3.2.1 Purpose and consequences of the carve-out

Leclanché SA transferred its eTransport business unit with related assets, liabilities, contracts and employees (the “Carve-out Business”) into a newly formed Swiss subsidiary in the form of a share corporation (“NewCo” or “Carve-out”).

E-Mobility is a separate Swiss legal entity which was prepared for strategic M&A having all the patents and manufacturing assets in Germany and Switzerland.

a) Effective date

The carve out has took effect from the incorporation of the E-Mobility Business 13 December 2021 and it started its operation 1 January 2022.

b) Description of the carve-out

The Carve-out has been achieved through the following principal steps:

- Formation of NewCo called E-Mobility with contributions in cash for the share capital of CHF 100,000, but with an anticipated acquisition of assets from Leclanché SA, and
- A subsequent contribution of the Carve-out Business by Leclanché SA into NewCo (as recipient/transferee) by way of a contribution in kind to reserves, such asset deal was implemented on the basis of an asset transfer and contribution agreement between Leclanché SA and E-Mobility with individual transfers and assumptions.

c) Amounts removed from the Leclanché SA balance sheet (assets, liabilities and equity)

kCHF	
Assets	48,026
Liabilities	-21,081
Equity	-26,944
Total	**0**

6.3.2.2 Debt into Equity conversion

On 17 November 2022, SEF-LUX, Golden Partner SA, Golden Partner Holding Co. Sàrl, Golden Partner Shanghai converted into equity the equivalent amount of kCHF 41’340 due under the several loans and outstanding interests, for details see Note 1.3 Changes in Share capital

As part of the conversion of debt into equity, the Company issued 109’617’821 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2022.

6.4 Accounting principles applied in the preparation of the financial statements

6.4.1 Basis of preparation

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.

6.4.2 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.

6.4.3 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.

6.4.4 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.

Revenue consists of sales of goods and services produced in the course of the Group's core business.

The Group applies revenue recognition method according to which a promised good or service will have to be recognised separately as revenue if it is "discrete", i.e. if both of the following conditions are met:

- **i.** The services are distinct in nature: the customer can benefit from the good or service in isolation or in combination with other readily available resources,
- **ii.** The benefits are contractually distinct: the company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

For each identified performance obligation, the entity determines at the inception of the contract whether the performance obligation is satisfied:

- **i.** Ongoing: revenue is recognised using the percentage of completion method,
- **ii.** At a specific date: revenue is recognised on completion.

A performance obligation is satisfied on an ongoing basis if it meets at least one of the following three criteria:

- **i.** The customer receives the benefits of the service as the entity fulfils its performance obligation,
- **ii.** The customer receives control of the asset as the entity builds it,
- **iii.** The asset has no alternative use and the entity has an enforceable right to payment for the value of the work performed to date at any time (dual condition), If none of these criteria are met, the performance obligation is considered to be satisfied at a given date.

In the case of long-term services to be performed over different periods, where the performance obligation must be recognised using the percentage of completion method, the Group applies the percentage of completion method. Revenue is determined by applying the ratio of "costs incurred for work performed to date to total estimated contract costs" to total contract revenue.

Any probable loss on completion is recognised immediately in operating income for the period. Work in progress on long-term contracts is recognised at selling price and does not include administrative or selling expenses.

Work in progress is recognised in the balance sheet either under "Trade and other receivables" if positive (invoice to be issued) or under "Other liabilities" if negative (deferred income). It is calculated based on the performance obligation by applying the percentage of completion to the total sales forecast in the contract, less invoices issued to the customer at the balance sheet date. The financial percentage of completion corresponds to the ratio between the costs incurred for work performed up to the balance sheet date and the estimated total contract costs.

6.4.5 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.

6.4.6 Projects

Projects consists in the delivery and installation of an energy storage solution. Leclanché SA 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.

6.4.7 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.

6.4.8 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**
Buildings and leashold improvements	3 - 10 years	straight-line
Machinery, installations and tools	3 - 10 years	straight-line
Furniture and computers	2 – 5 years	straight-line
Vehicles	5 years	straight-line

6.4.9 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.

6.4.10 Leased assets

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

6.4.11 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.

6.4.12 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.

6.4.13 Comparatives

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

6.4.14 Going concern

In the recent years, the Company has made significant up-front investments in manufacturing capacity and incurred research and development expenses while developing its Order Book and accordingly it is suffering from recurring operating losses. Consequently, as of December 31, 2022, the Company is overindebted and has limited access to liquidity.

Existing liabilities as of 31 December 2022 have been subordinated for a total amount of kCHF 61’763. In addition, the Group raised additional funds from its majority shareholder, SEF-LUX, between 1 January 2023 to 31 May 2023, for a total amount of kCHF 26’219, amounts that were fully subordinated (see subsequent event note for further details).

On 30 May 2023, SEF provided a comfort letter to the Group ensuring that under certain conditions SEF will provide the funding requirements determined by the Board of the Group up to an amount of kCHF 35’500. The Board and Management are making necessary efforts on customers payment and 3rd party funding to ensure this going concern. The Board of Directors is confident that, based on the recent signature of the comfort letter from SEF and taking into account the current discussions with various investors, 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.

If the Group is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce costs, or scale back its current business plan until sufficient additional liquidity is raised to support further operations. There can be no assurance that such a plan will be successful. The availability of sufficient additional financing, in particular in the form of equity or subordinated debt to comply with Swiss minimum equity requirements, and the success of the current funding options are therefore of crucial importance for the continuation of the Group as a going concern. These elements indicate the existence of a material uncertainty that may cast significant doubts as to whether Leclanché can remain a going concern.

6.5 Details, analyses and explanations to the financial statement

6.5.1 Inventories

kCHF	31/12/2022	31/12/2021
Raw materials	3,826	12,762
Work in progress	23	4,652
Finished goods	835	5,461
Stock in transit	-	2,201
Provision for inventories	-2,135	-6,320
Total	**2,549**	**18,756**

6.5.2 Intangible assets

kCHF	31/12/2022	31/12/2021
Gross value	9,319	17,760
Accumulated amortisation	-8,691	-11,602
Net value	**628**	**6,158**

6.5.3 Pension liabilities

On 31 December 2022, the liability to the pension scheme amounted to kCHF 93 (2021: kCHF 219).

6.5.4 Other financial assets - Warranties in favour of third parties

The amount of warranties in favour of third parties is kCHF 1’836 (2021: kCHF 3’063) stemming from bank warranties for rents, project performance bonds, warranties for Covid-19 loan and a stand-by letter of warranty for the installation of the new formation tower at Leclanché GmbH in Germany (warranty at 2022 kCHF 1’147). They are included in the balance sheet under “Financial assets”.

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

The SEF-LUX convertible and not convertible loans, included in “Short-term interest-bearing liabilities due to shareholders” and “Long-term interest-bearing liabilities due to shareholders” for kCHF 56’684 (SEF-LUX convertible loans and SEF-LUX 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.

6.5.6 Shares held by Management, administrative bodies and employees

On 1 November 2022 Pierre Blanc got appointed as Group CEO and Phil Broad got appointed as E-Mobility CEO, they keep their previous titles and act as co-CEOs. Previous CEO Anil Srivastava stepped down on 30 October 2022 and was still employed at the date of this report.

Stephan Muller stepped down from his role as Board member on 30 September 2022. The new Board of Directors have been elected but no shares have been granted to Board of Directors or employees.

31 December 2022

Name	Position	Options (number) 31 December 2022	Options (number) 31 December 2021	[1]
Pierre Blanc (6)	Chief Technology and Industrial Officer/ Chief Executive Officer	100,000	100,000	[3]
		100,000	100,000	[4]
		200,000	200,000	[5]
Phil Broad (7)	Group Chief Commercial Officer / E-Mobility Chief Executive Officer	100,000	100,000	[5]
Pasquale Foglia	Chief Financial Officer	-	-	
Anil Srivastava	Chief Executive Officer	250,000	250,000	[2]
		400,000	400,000	[4]
		400,000	400,000	[5]
Employees		665,000	945,000	[3&4&5]

(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: 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

(3) 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

(4) Grant date: 03.12.2018; exercise price: 1.50; exercise period: 03.12.2018 - 03.12.2025

(5) Grant date: 20.09.2019; exercise price: 1.259; exercise period: 20.09.2019 - 20.09.2026

(6) Pierre Blanc appointed as Group CEO, on November 1, 2022

(7) Phil Broad appointed as e-Mobility CEO, on November 1, 2022

Mr Stephane Muller who has been a member of the Board of Directors until 30 September 2022 owns 8,090 LECN shares on his own.

6.5.7 Commitments

The lease commitments for Leclanché SA are kCHF 1’190 (2021: kCHF 22’335). The commitments are based on:

- A lease contract for a building and parking spaces in Yverdon-les-Bains ending 2023,
- Car leasing contracts.

6.5.8 Share capital

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

1) On 29 March 2021, SEF-LUX converted into equity the equivalent amount of kCHF 33’783 due under the 2020 WCL and the four SEF-LUX loans. 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.

2) On 30 June 2021, the shareholders approved at the Annual General Meeting (“AGM 2021”) as part of a financial restructuring plan, the proposed ordinary capital increase in the form of a Debt-to-Equity-Conversion. The conversion was implemented on 9 September 2021. As part of the conversion of debt into equity, the Company issued 35'518'260 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 10 September 2021.

3) On 17 November 2022, SEF-LUX, Golden Partner SA, Golden Partner Holding Co. Sàrl, Golden Partner Shanghai converted into equity the equivalent amount of kCHF 41’340 of due loans and outstanding interests. As part of the conversion of debt into equity, the Company issued 109’618’116 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 18 November 2022.

	Share capital	Reserves from capital contribution	Other reserves	Accumulated losses	Net result for the period	Total
	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2021	26,007	55,165	-	-96,664	-	-15,492
Loss for the year	-	-	-	-75,108	-	-75,108
Cancellation of Reserves against accumulated losses (AGM 30 June 2021)	-	-55,165	-	55,165	-	-
Capital increases	7,513	55,710	-	-	-	63,223
Balance at 31 December 2021	**33,519**	**55,710**	**-**	**-116,607**	**-**	**-27,378**
Balance at 1 January 2022	33,519	55,710	-26,944	-116,607	-	-54,321
Loss for the year		-		-51,301		-51,301
Cancellation of Reserves against accumulated losses (AGM 30 Sep 2022)		-55,710		55,710		-
Capital increases	10,962	30,378				41,340
Balance at 31 December 2022	**44,481**	**30,378**	**-26,944**	**-112,198**	**-**	**-64,283**

Leclanché
Energy Storage Solutions

6.5.9 Significant shareholders

As per share register:

	% 31.12.2022	12/31/2022	%	12/31/2021
		Unit		Unit
SEF-LUX	77.5%	344,526,681	71.2%	238,513,472
Sum of all other shareholders below 5 %	22.5%	100,288,229	28.8%	96,683,617
Total shares issued	100.0%	**444,814,910**	100.0%	**335,197,089**

6.5.10 Other operating expenses

kCHF	2022	2021
Administration costs	18	271
Building facilities	73	211
Commissions on financing	101	52
Consulting costs	218	2,837
Finance and Legal costs	1,721	1,441
IP and IT costs	20	829
Insurances	225	258
Intercompany reinvoicing	4,474	6,275
Loss on doubtful debtors	-	-462
Manufacturing costs	100	110
Miscellaneous	670	1,057
Rental and storage costs	1,278	1,899
Sales & marketing costs	81	381
Sundry duties and capital taxes	61	-122
Transport, packaging and custom duties	641	1,525
Travel costs	230	605
Total	**9,912**	**17,167**

Loss on doubtful debtors of kCHF 778 in 2022 has been classified as deduction to sales of projects.

6.5.11 Impairment on financial assets

During the year ending 31 December 2022 Leclanché SA has provided funds to E-Mobility which amount to kCHF 41'861. The Management decided to impair the amount of kCHF 36'500 which is the balance of the LEM share capital of kCHF 26'944 and LEM 2022 annual loss of kCHF 63'480. Additionally, the Management of LSA has established a subordination agreement for the in the year ending 31 December 2022 in the amount of kCHF 36'500 which is the rounding amount.

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 2022, it resulted in an additional expense of kCHF 491 (2021: reversal of kCHF 516 net of FX impact).

For investments in subsidiaries and associates and their related loans, an additional impairment for an aggregate net amount of kCHF 36'894 has been booked in 2022 (2021: reversal for kCHF 9'481).

kCHF	2022	2021
Impairment on loan to group companies:	**-**	**-19,837**
- Leclanché GmbH	-	-19,806
- Leclanché UK	-	-29
- Leclanché France		-1
- Leclanché Norway	-	-1
Impairment on investments in subsidiaries:	**36,500**	**28,802**
- Leclanché LEM	36,500	-
- Leclanché GmbH	-	15,897
- Nexcharge	-	4,768
- Leclanché Energy	-	8,136
Impairment on other investments:	**-96**	**-**
- Maple Leaf	-96	-
Impairment on other loans:	**491**	**516**
- Maple Leaf	491	516
Total	**36,894**	**9,481**

6.5.12 Financial income

kCHF	2022	2021
Interests	484	1,714
Realised and unrealised exchange gain	1,001	1,702
Total	**1,485**	**3,416**

6.5.13 Financial expenses

kCHF	2022	2021
Bank charges	28	55
Interests & fees	6,731	9,741
Realised and unrealised exchange loss	1,775	2,273
Total	**8,534**	**12,069**

6.5.14 Extraordinary expenses out of period

Detail Extraordinary Income out of period		
kCHF	**2022**	**2021**
Capital tax reimbursement form 2020	-208	-
Social charges	-41	-
Total	**-248**	**-**

Detail Extraordinary Expenses out of period		
kCHF	**2022**	**2021**
VAT Audit 2016-2020 adjustment	119	-
Total	**119**	**-**

6.5.15 Full Time Equivalent

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

6.5.16 Equal pay for men and women

Leclanché SA conducted the equal pay analysis according to the Equal Pay Act (LEg) using the "L&M-ABA-R" test procedure for the reference month of May 2021. Landolt & Mächler Consultants AG has confirmed that Leclanché SA complies with the principle of equal pay for work of equal value within the limits of the Federal Act on public markets (LMP) and the Equal Pay Act (LEg).

In accordance with Art. 13d of the Equal Pay Act, Leclanché SA still needs to have this equal pay analysis verified by an accredited auditing company and currently in the process of being audited.

6.5.17 Subsequent events occurring after the balance sheet date

a) On 3 January 2023, the Group has received an additional financing of kCHF 3’077 from Strategic Equity Fund SCA SICAV RAIF– Renewable Energy, following the convertible loan agreement signed between the parties on 28 December 2022.

b) On 8 February 2023, the Group has received an additional financing of kCHF 407 from Strategic Equity Fund SCA SICAV RAIF – E-Money, following the convertible loan agreement signed between the parties on 7 February 2023.

c) On 8 February 2023, the Group has received an additional financing of kCHF 305 from Strategic Equity Fund SCA SICAV RAIF– Multi Asset Strategy, following the convertible loan agreement signed between the parties on 7 February 2023.

d) On 8 February 2023, the Group has received an additional financing of kCHF 305 from Strategic Equity Fund SCA SICAV RAIF– Renewable Energy, following the convertible loan agreement signed between the parties on 7 February 2023.

e) On 9 February 2023, the Group has received an additional financing of kCHF 1’018 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 7 February 2023.

f) On 17 March 2023, the Group has received an additional financing of kCHF 1’014 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 14 March 2023.

g) On 23 March 2023, the Group has received an additional financing of kCHF 6’581 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 22 March 2023.

- **h)** On 31 March 2023, SEF-EMS and SEF-MAS have merged into SEF-RE, which is the only creditor from SEF-side.
- **i)** On 24 April 2023, the Group has received an additional financing of kCHF 5’811 from Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, following the convertible loan agreement signed between the parties on 21 April 2023.
- **j)** On 30 May 2023, Golden Partner Private Equity FOF RAIF – Prestige Invest Sub-Fund, has signed the bank transfer for the Group for additional financing of kCHF 6’700 following the convertible loan agreement signed between the parties on 30 May 2023.
- **k)** On 30 May 2023, Strategic Yield Fund RAIF has signed the bank transfer for the Group for an additional financing of kCHF 1’000, following the convertible loan agreement signed between the parties on 30 May 2023.
- **l)** On 30 May 2023, SEF provided a comfort letter to the Group ensuring that under certain conditions SEF will provide the funding requirements determined by the Board of the Group up to an amount of kCHF 35’500.

Leclanché SA

7 Report of the statutory auditor

mazars

LECLANCHE SA
Yverdon-les-Bains

Report of the Statutory Auditor
to the General Meeting
on the financial statements
for the year ended 31 December 2022

Mazars SA
World Trade Center
Avenue Gratta-Paille 2
CH-1018 Lausanne

Tel: +41 21 310 49 49
www.mazars.ch

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 (the Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (page 114 to 130) 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 Standards on Auditing (SA-CH). 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 Company 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.

Other matters

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who issued an unmodified audit opinion on those financial statements as of 19 July 2022.

Material uncertainty related to going concern

We draw your attention to note 6.4.14 to the financial statements, which states that the company is aware of the current challenging financial market conditions to finance the growth plan. This, along with other matters as described in note 6.4.14, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue recognition for "projects"

Areas of focus

Revenues resulting from "projects" (see note 6.4.6) amounted to KCHF 6 563, representing 70% of total revenues for the year end 31 December 2022. There are two critical judgements made by management relating to these revenues 1) the assessment of whether project contracts comprise one or multiple performance obligations and 2) whether the method and estimates used in the measurement of progress calculations and provisions for expected losses are appropriate.

Performance obligations (see note 6.4.4)

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; delivery of an energy storage solution. Management has assessed that the criteria required to conclude that performance obligations are satisfied or have been met.

Measurement of revenue recognition over time (see note 6.4.6)

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 notably concerning the provision for expected losses, as explained in note 2, "critical accounting estimates and judgements".

Our audit response

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 the Swiss Code of Obligation and appropriate based on our understanding of the nature of the Group's business.

We obtained a detailed analysis of the projects and verified its mathematical accuracy. We assessed the detailed analysis in light of our understanding of the business, discussions with management and review of the minutes of the Board of Directors.

For a sample of projects, we performed the following:

- We agreed project aspects to signed contracts and details.
- 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 the project's revenue to be appropriate.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' Responsibilities 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 Company'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 Company 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 SA-CH 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

During our audit, performed in accordance with article 728a paragraph 1 item 3 CO and Swiss auditing Standard 890, we noted that an internal control system which has been designed in accordance with the instructions of the Board of Directors for the preparation of the financial statements is adequately documented, but has not been implemented in all material respects for the financial reporting process.

In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of the 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 subordinated their claims in the amount of KCHF 87 983, the Board of Directors has refrained from notifying the court.

MAZARS LTD

Michael Ackermann Licensed audit expert (Auditor in charge)	Issam Kacem Licensed audit expert

Lausanne, 30 May 2023

Attachments

- Financial statement (balance sheet, income statement and notes)

8 Contacts and Disclaimer

Leclanché SA

Avenue des Sports 42

Case Postale

1401 Yverdon-Les-Bains

Switzerland

investors@leclanche.com

Tel: +41 24 424 65 00

Fax: +41 24 424 65 01

https://www.leclanche.com/investor-relations/financial-reports/

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

https://www.six-Company.com/fr/products-services/the-swiss-stock-exchange/market-data/shares/share-explorer/share-details.html?valorId=CH0110303119CHF4#/

Disclaimer

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