Leclanché Group

2023 Semi-Annual Report

Leclanché SA
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I. MANAGEMENT REPORT

1. BOARD OF DIRECTORS' MESSAGE

The Company's commitment to growth and innovation has continued to drive success in the market and build the foundations for future opportunities. The Board is confident on the Company's potential to create value for its shareholders and drive future growth.

In H1 2023, the Company continued to make significant investments in its manufacturing capacity as well as incurring research and development expenses all while developing its order book. Recurring operating losses reflect this continuing effort.

Summary of 2023 Semi-Annual Financials:

In H1 2023, we achieved a consolidated income of CHF 8.9 million, with customer revenue reaching CHF 7.8 million. This represents a noteworthy increase, with customer revenue up by approximately 21% compared to the figures of H1 2022, respectively CHF 7.6 million income and CHF 6.5 million customer revenue. Furthermore, we have made substantial progress in managing our EBITDA loss, which amounted to CHF (27.0) million in H1 2023, reflecting a significant improvement of approximately 21% compared to the loss of CHF (34.1) million in the previous year.

Moreover, our net loss has also decreased to CHF (37.3) million, showcasing a reduction of approximately 20% compared to the CHF (46.8) million loss reported on June 30th, 2022. These results not only highlight our unwavering commitment to financial stability and growth but also have a positive impact on our Earnings Per Share (EPS).

The positive increase in revenues in 2023 compared to same period of prior year reflect the Company new management's focus on continued growth in executing customer orders and a strategic added value approach in marine, rail and specialised trucks. It is worth noting 5.0 million of net deferred revenues[1], increased versus same period last year, highlighting additional invoiced amount to customers which is not yet recognized as revenue under IFRS.

Despite a net loss for the first half of the year 2023 of CHF (37.3) million, the Company has been able to maintain a stable balance sheet of CHF 105.5 million as of June 30, 2023, compared to CHF 90.8 million as of December 31, 2022.

Leclanché SA, the Swiss legal entity, executed a conversion of CHF 66.7 million debt into equity through a capital increase, on 26th June 2023. The Company was in a negative equity situation as of 30th June 2022, in the amount of CHF 51.0 million. Leclanché addressed this over-indebtedness situation by obtaining from Leclanché's main shareholders that the CHF 22.1 million of debt and interests they provided be subordinated. These majority shareholders have also expressed their intention to maintain the status of the convertible loans without immediate conversion to safeguard the interests of minority shareholders.

2. LECLANCHÉ GLOBALLY

Leclanché is a fully integrated heavy-duty industrial battery manufacturer with expanded production lines and R&D capabilities. Our core markets revolve around marine, rail and industrial e-Mobility Solutions as well as Stationary Solutions. Battery and module production facilities are located in Germany and Switzerland. The group employed 357 full time equivalent (as of 30-Jun-2023) across operations in Switzerland, Germany, USA, UK, France, Norway and Finland.

[1] Net Deferred Revenues are defined as Contract Liabilities less Contract Assets, see Balance Sheet.

Our core technology expertise ranges from electrochemistry, through system engineering to a first level of energy management software. Leclanché develops, designs, and manufactures complete battery storage solutions covering the entire technology chain from cells to pack solutions for Hybrid Electric Vehicles (HEVs) and Battery Electric Vehicles (BEVs), as well as complete, energy storage solutions for utilities, grid operators and other large scale energy storage applications.

Leclanché is an environmentally conscious manufacturing Company with 100% renewable electricity for all of our manufacturing sites. Leclanché manufactures all cell electrodes using patented water-based binder technology which reduces the production energy consumption, improves performance and stability of the cell, while removing the need for the use of harmful PFAS (per-and polyfluoroalkyl substances) components in the cell. With this technology Leclanche is a pioneer at the forefront of the expected regulatory tightening in PFAS emission standards. This makes Leclanché one of the only cell manufacturers incorporating such deep environmental and health considerations in its core technology and manufacturing processes. We have systematic monitoring and reduction of $C0_2$ emissions of supply chain and operations and moving forward 90% of our cell materials will be recyclable and recoverable, with a foreseeable increase in the use of recycled materials in the manufacturing process. Leclanché works in close collaboration with recycling partners to optimise and improve the efficiency of key materials recovery.

Leclanché is IRIS certified for the design, manufacturing and maintenance related to its hybrid and electric locomotive power system drive units and auxiliary systems. The IRIS standard set by the standardisation group of UNIFE, the Association of the European Rail Supply Industry is designed to secure higher quality in the railway industry by enabling railway component suppliers to meet globally recognised levels of quality for their railway components.

3. ORGANISATION STRUCTURE

In October 2023, we created a separate entity for the business of Specialty. Through this carve-out operation the entity Leclanché SBS SA (Specialty Battery Systems) was created, a fully owned subsidiary of Leclanché SA. This entity was created in order to give more independence to this unit and enable it to have more choice and options in terms of partnerships and their future structure and shareholding. The aim of the carve out was to enable the newly formed entity SBS to have a greater focus on its key markets and implement a growth plan to reach breakeven in the near future.

Today the Company structure consists of the group entity Leclanché SA which incorporates the Stationary Business Unit and the wholly owned subsidiaries Leclanché E-Mobility SA and Leclanché Specialty Battery Systems SA.

Leclanché E-Mobility SA: develops, manufactures, sells and supports customers requiring storage solutions for heavy duty mobility applications in marine, railway and specialised ground transport. This entity contains the production entities, the R&D (electrochemical, mechanical, thermal and software) entities as well as the main engineering teams.

Stationary Storage Unit: sells and supports customers requiring storage solutions with distributed power generation like PV solar/wind/diesel gensets for utility-scale grid ancillary services and micro-grid applications. In the past the focus of the business was to provide EPC (Engineering Procurement Construction) services, as well as BOO (Build Own Operate) models. This has been discontinued with a focus on providing products and services as a product supply only.

Leclanché Specialty Battery Systems: manufactures, sells and supports solutions for customers in the main areas of medical and defence.

4. BUSINESS UPDATE AND PERSPECTIVE

In the past years, the Company has made significant up-front investments in manufacturing capacity, Research and Development and Engineering while expanding our customer base in all key markets. As a result, we recorded negative cash flow in operating activities in H1 2023. Cash and working capital remain the key drivers for growth and have been the focus for the management over the past months. These are being addressed through a number of initiatives which range from client payment conditions, growth financing, cost optimisation (design to cost and purchasing strategies) and so on. A number of cost improvements, covering both materials/components and manufacturing, have been identified for the larger sales volumes that are expected over the coming year.

We anticipate that we will continue to have negative cash flows in connection with the ongoing implementation of our business plan and further development initiatives as we grow the business. We will continue to require significant amounts of working capital to support our growing operations. Therefore, we are actively working on diversifying our funding sources to support revenue growth in order to generate positive cash flow in the near future.

4.1. E-Mobility:

This year has seen a significant increase in business development activities, resulting in a further increased customer base and exponential business wins. Leclanché is partnering with some of the world's largest marine integrators supplying its battery systems to some of the largest electric and hybrid ferries for end customers such as Scandlines and Brittany Ferries. Leclanché has also won several projects in the Megayacht & Superyacht space.

The ground transport business has been equally successful in the continuation of its growth in the rail and specialised vehicle market. Leclanché has received repeat business with multiple customers in the rail, locomotive and specialised truck business from customers such as Alstom Rail, Canadian Pacific Kansas City (CPKC), FCC. These customers are using a combination of customer specific and generic battery packs all with Leclanché's class leading cell, modules and pack designs.

The strong endorsement of Leclanché by prominent corporations underscores the significance of the knowledge and intellectual property associated with LECN and value it brings.

4.2. Stationary:

The Stationary business has seen market acceptance of its newly launched product called LeBlock™, a safe, modular, and scalable battery energy storage solution. Two multi-MWh projects using LeBlock have been secured and one already delivered at the moment of writing these notes.

4.1. Specialty:

During the first six months, the market has shown an increase in demand. At the same time, Specialty business unit has been preparing his transition to carveout this autumn. Leclanché Specialty Business has many more opportunities, especially in the medical and defence sectors. 2024 will be a crucial year, with a move at the beginning of the year to provide adjacent operations on a single site at the new headquarters in Yverdon-les-Bains.

5. RESEARCH & DEVELOPMENT

Leclanché covers the full technology value chain from cell development and manufacturing to the design and manufacturing of complete customer battery storage solutions.

Cell development focuses on the design of products with performance characteristics specific to our main markets with a strong emphasis on heavy duty products. We have a number of ongoing projects covering both short term as well as long terms developments. Our research and development team work both on inhouse projects as well as consortium projects with external partners. We typically work on the longer term and more research focused projects within funded projects with external partners, whereas we will do the short-term projects inhouse.

Amongst the key short-term projects, which are aiming for product commercialisation within the coming 12 to 24 months, we have been working on three new electrode materials:

1. High-capacity cathode material NMCA, which is in pre-production validation and should enable a 20% capacity improvement at the cell level. We still need to finalise the production trials and product certification. Exact cell performance will be fixed once all these remaining steps are completed.
2. Introduction of Niobium oxide anode materials as an alternative to the LTO technology. Pre-production trials have taken place, and we still need to optimise certain production process steps to reach the full performance expectations. We are working with our partners from the material supply side on this and are targeting to start customer sampling end of H1 2024.
3. Introduction of silicon materials into the graphite anodes: this development is targeting high energy density cells while helping improve fast charge capabilities. A number of material combinations are being tested with the aim to go to production trials early 2024.

Aside from specific developments mentioned above, we continue to work on alternative materials to secure the supply chain.

The long-term projects include work on various types of new cells including projects such as solid-state electrolytes and sodium ion cells. For these projects we participate in a number of consortiums both in the roles of advisers as well as partners.

On the system development side, we have continued to develop new products for the marine market with a new version of our Marine Rack System, for which we will start commercial deliveries in Q1 2024. This new system builds on the previous technology and incorporates many of the developments made on the control electronics and the new modules that are being produced on the large capacity line. We have also been working on the battery system for road applications, also incorporating most of the latest developments ranging from cell to module and electronics, as well as new pack designs for volume production.

6. OUTLOOK

We have seen a growing number of customer and project wins which have contributed to a significant increase in the order book and a market validation of Leclanché's products and solutions. The positioning of Leclanché in the rapidly evolving battery market, the recognition of our technology offering and its advantages over competing technologies and the reaching of industrial scale with new technologies continues to require a significant amount of resources.

Increased efficiency

Throughout the first half of 2023, the management continued to streamline the complexity of the Company structure and enhance the focus on our key markets (marine, railway and specialised road applications). This will bring increased efficiencies and scale to our business. The segments of marine, railway & specialised truck are using Leclanché's own cell technology and we are undergoing an internal review to determine if its own cell technology can be incorporated into the LeBlock™ product as well. Leclanché E-Mobility has released its next generation Marine Rack System (MRS 3) which will ensure that Leclanché remains at the forefront of the Marine energy storage business segment with its differentiated product deliverables.

Effects from cooperations

Leclanché E-Mobility has been working hard over the last 18 months to embed its products with key market leaders in their relative areas, such as Canadian Pacific Kansas City (CPKC) in the freight rail, Alstom and Koncar in passenger rail. In the marine segment, Leclanché has won several projects with Wartsila, Kongsberg, Siemens and Elkon. In March of this year, we announced a Memorandum of Understanding (MOU) between Leclanché and global power and technology leader, Cummins Inc., enabling both companies to offer customers a range of hybrid, battery-only and fuel cell hybrid solutions in marine and rail applications. This collaboration represents a significant step forward in providing customers with a broader portfolio of integrated power solutions and will enable Leclanché to strengthen its position in these markets. Continued growth is expected in the Rail & Marine segments as Leclanché continues to increase its global visibility with some additional major partners in Marine & Rail.

Increased business resilience

Leclanché has made significant progress in enhancing our organisation's performance and security. Currently, we are in the process of becoming ISO 21434 certified, reaffirming our commitment to automotive cybersecurity. Our comprehensive cyber strategy is actively fortifying our security posture and cultivating a culture of cyber resilience. With the increased utilisation of our ERP system, our data quality has improved significantly. We are now gearing up to expand our project portfolio and optimise our workload management, fuelling our journey towards greater operational excellence.
Expansion of production footprint

Leclanché has initiated a project to relocate and significantly expand its pack assembly facilities from Yverdon-les-Bains to Willstatt, Germany. This strategic decision allows the expansion of our German facility under the current infrastructure and expertise in the 100% renewable run facility. This also gives the added value of further reducing our carbon footprint. We expect this to be completed next year and allow Leclanché execute pack production with increased efficiency and capacity.

7. CORPORATE GOVERNANCE AND SUSTAINABILITY

Enterprise Risk Management

Risk Management is an integral part of the day-to-day Management processes and the Corporate Governance of the Leclanché Group. Leclanché’s Audit & Risk Management Committee is responsible for monitoring and maintaining the effectiveness of the Group’s Risk Management activities and internal control processes.

The Enterprise Risk Management is an ongoing process that started in 2016 and from 2021 risk assessment process has been managed regularly in ERM software and according to ISO 31000:2018 ERM framework.

Risk Owners from all Business Units and Departments are required to conduct an annual review of their risks and they are responsible for their mitigation, detailed action plan and monitoring. The annual update has been completed and risks with the highest criticality (likelihood x impact) along with the respective measures, will be presented and discussed with the Audit & Risk Management Committee beginning of November.

Internal controls are key elements of Risk Management Framework. Leclanché internal control system aims to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability and integrity of financial reporting and Group’s compliance with respective laws and regulations.

Sustainability

In 2022, Leclanché recognized the need to manage sustainability-related risks, such as compliance with future European regulations on batteries and non-financial reporting obligations. As a response, Leclanché established a dedicated task force to better understand these risks and obligations, assess their current environmental performance, and promote environmentally friendly practices, answer to Audit and prepare for reporting.

Circular Economy Strategy – focus on Recycling

In line with the EU regulation, Leclanché introduced the "6R" circular economy concept (Record, Reliability, Repowering, Reuse, Recycle, Recycle content) in early 2023. They initially focused on recycling, mapping out technologies and companies in the recycling sector to set up management processes and partnerships for handling production scrap and end-of-life batteries.

New EU Regulation on Batteries

Europe Union has identified the battery industry as strategically important for achieving its Net Zero target, creating local employment, and reducing dependence on Asian manufacturers. In 2023, the EU introduced a regulation to establish a circular economy within the battery industry. Leclanché actively follows the regulation through the RECHARGE association, Europe's industry association for lithium battery.

Leclanché is aligned with this regulation's goals due to its existing manufacturing facilities in Europe and its aim to reduce its environmental impact.

Battery Carbon Footprint

Leclanché's short-term challenge is to calculate the carbon footprint of its batteries by the end of 2024. Leclanché is working on these calculations and have identified competitive advantages with a reduction of 35% of the battery Carbon Footprint compared to the industry benchmark, thanks to the use of renewable electricity and a unique water-based binder process for the cell production.

PFAS Restriction

Discussions in Europe in 2023 revolve around restricting the usage of PFAS (per- and polyfluoroalkyl substances) due to their persistence in the environment and potential health effects. Leclanché has a unique water-based binder process in its cell production, offering PFAS-free alternatives for Li-Ion batteries. This presents an opportunity for Leclanché to scale up its technology in Europe, as they can provide a solution in line with the PFAS restriction.

Sustainable Finance Disclosure Regulation

Since Leclanché activity is clearly listed in the European taxonomy, the Company has recognized the importance of implementing policies and Key Performance Indicators (KPIs) to classify investment funds that invest in Leclanché as impact funds. Leclanché has performed internal work to start this activity with the Sustainability department, jointly with the majority shareholders. The goal is to help fund managers to qualify their investment funds as an article 8 or 9 according to the European transparency framework Sustainable Finance Disclosure Regulation (SFDR).

II. CONSOLIDATED FINANCIAL STATEMENTS 30 JUN 2023 (unaudited)

i. Condensed consolidated income statements for the period ended 30 June 2023 and 2022

	Notes	30/06/2023	30/06/2022
		kCHF	kCHF
Revenue from contracts with customers	4.1	7,784	6,456
Other income	4.2	1,091	1,143
Total income		**8,874**	**7,599**
Raw materials and consumables used		-4,115	-13,370
Personnel costs	4.3	-19,635	-19,864
Other operating expenses	4.4	-7,407	-7,835
Net impairment losses on financial and contract assets		-1	-605
Depreciation, amortisation and impairment expenses		-7,903	-3,738
Operating Loss		**-30,186**	**-37,813**
Finance costs	4.5	-8,336	-9,326
Finance income		1,499	470
Loss before tax for the period		**-37,023**	**-46,669**
Income tax		-288	-143
Loss for the period of the Group		**-37,311**	**-46,812**
Earnings per share (CHF)			
- basic		-0.08	-0.14
- diluted		-0.08	-0.14

Condensed consolidated statements of comprehensive income for the period ended 30 June 2023 and 2022

	30/06/2023	30/06/2022
	kCHF	kCHF
Loss for the period	-37,311	-46,812
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	-935	105
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-140	-352
Other comprehensive income/(loss) for the period	-1,075	-247
Total comprehensive loss for the period	**-38,386**	**-47,059**

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

ii. Condensed consolidated balance sheets of 30 June 2023 and 31 December 2022

	Notes	30/06/2023	31/12/2022
		kCHF	kCHF
ASSETS			
Non-current assets			
Property, plant and equipment		18,948	19,723
Right-of-use assets		20,376	21,904
Intangible assets		10,701	9,656
Financial assets	5	2,073	2,657
Trade and other receivables	6	2,146	2,145
Defined benefit pension asset		2,554	3,526
TOTAL NON-CURRENT ASSETS		**56,798**	**59,611**
Current assets			
Inventories		22,330	13,589
Trade and other receivables	6	7,212	6,583
Advance to suppliers		12,216	6,232
Contract assets		4,613	3,446
Cash and cash equivalents		2,303	1,362
TOTAL CURRENT ASSETS		**48,674**	**31,213**
TOTAL ASSETS		**105,472**	**90,824**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	7	58,611	44,482
Share premium		53,400	30,672
Reserve for share-based payment	8	861	955
Other reserves		4,975	4,975
Translation reserve		-5,338	-5,198
Equity component of warrants and convertible loans		3,342	3,342
Remeasurements of post-employment benefit obligations		-1,879	-944
Accumulated losses		-132,913	-132,366
TOTAL EQUITY		**-18,941**	**-54,083**
Non-current liabilities			
Convertible Loans	9	22,258	20,066
Loans	10	10,571	32,590
Lease liabilities		18,570	19,646
TOTAL NON-CURRENT LIABILITIES		**51,399**	**72,302**
Current liabilities			
Provisions		27,615	17,285
Convertible Loans	9	-	15,136
Loans	10	2,104	3,731
Lease liabilities		2,233	2,743
Trade and other payables	12	31,405	26,286
Contract liabilities		9,656	7,424
TOTAL CURRENT LIABILITIES		**73,013**	**72,604**
TOTAL LIABILITIES		**124,412**	**144,906**
TOTAL EQUITY AND LIABILITIES		**105,472**	**90,824**

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

Leclanché
Energy Storage Solutions

iii. Condensed consolidated statement of changes in equity for the period ended 30 June 2023

	Notes	Attributable to equity holders of the parent								
		Issued share capital	**Share premium (1)**	**Reserve for share-based payment**	**Other reserves**	**Equity component of convertible loans and warrants**	**Translation reserve**	**Remeasure-ments of post-employment benefit obligations**	**Accumulated losses**	**Total**
		kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF	kCHF
Balance at 1 January 2022		**33,520**	**56,004**	**2,311**	**4,975**	**894**	**-4,883**	**-5,965**	**-112,824**	**-25,968**
Loss for the period		-	-	-	-	-	-	-	-46,812	**-46,812**
Other comprehensive income:										
Remeasurements of post employment benefit obligations		-	-	-	-	-	-	105	-	**105**
Currency translation differences		-	-	-	-	-	-352	-	-	**-352**
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-352**	**105**	**-46,812**	**-47,059**
Equity component of warrants	9	-	-	-	-	2,448	-	-	-	**2,448**
Balance at 30 June 2022		**33,520**	**56,004**	**2,311**	**4,975**	**3,342**	**-5,235**	**-5,860**	**-159,636**	**-70,579**
Balance at 1 January 2023		44,482	30,672	955	4,975	3,342	-5,198	-944	-132,366	-54,082
Loss for the period		-	-	-	-	-	-	-	-37,311	-37,311
Other comprehensive income:										
Remeasurements of post employment benefit obligations		-	-	-	-	-	-	-935	-	-935
Currency translation differences		-	-	-	-	-	-140	-	-	-140
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-140**	**-935**	**-37,311**	**-38,385**
Cancellation of share premium and other reserves against accumulated losses	7	-	-30,378	-	-	-	-	-	30,378	-
Reserve for share-based payment	8	-	-	-94	-	-	-	-	94	-
Transaction cost reversal		-	552	-	-	-	-	-	-	552
Capital increase by debt conversion - 26.06.2023		14,130	52,555	-	-	-	-	-	6,293	72,977
Balance at 30 June 2023		**58,612**	**53,400**	**861**	**4,975**	**3,342**	**-5,338**	**-1,879**	**-132,911**	**-18,939**

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

iv. Condensed consolidated statement of cash flows for the period ended 30 June 2023 and 2022

	Notes	30/06/2023	30/06/2022
		kCHF	kCHF
Operating activities			
Loss for the period of the Group		-37,311	-46,812
Non cash adjustments:			
Depreciation and impairment of property, plant and equipment and right-of-use assets		2,059	3,065
Amortisation and impairment of intangible assets		843	669
Net impairment losses on financial and contract assets		-74	605
Net release to provision on inventories		-255	-
Net allocation to provisions		-10,330	-
Result on scrapping of fixed assets		285	-53
Non-realised foreign exchange differences		-262	860
Non-cash employee benefit expenses - pension		37	158
Finance costs	4.5	7,263	9,083
Working capital adjustments:			
(In)/Decrease in trade and other receivables	6	350	-1,332
(In)/Decrease in contract assets		-1,167	-809
(In)/Decrease in advances to suppliers		-5,984	-2,479
(In)/Decrease in inventories		-8,486	11,202
In/(Decrease) in contract liabilities		2,232	2,425
In/(Decrease) in trade and other payables	12	7,499	760
Use in provisions		20,660	-3,728
Income taxes paid		-	-201
Interest paid		-256	-255
Net cash used in operating activities		**-22,897**	**-26,842**
Investing activities			
Payment for property, plant and equipment		-346	-490
Investment in financial assets	5	583	26
Payment for intangible assets		-1,889	-40
Net cash used in investing activities		**-1,651**	**-504**
Financing activities			
Proceeds from convertible loans	10	26,000	27,400
Transaction costs on conversion of loan into capital		1,081	-
Proceeds from non convertible loans	10	-	2,500
Principal elements of lease payments		-1,201	-1,409
Repayment of loans		-380	-521
Net cash from financing activities		**25,500**	**27,970**
Increase / (Decrease) in cash and cash equivalent		**952**	**624**
Cash and cash equivalent at 1 January		1,362	2,870
Cash and cash equivalent at 30 June		2,303	2,913
Effect of exchange rate changes		11	581
Variation		**952**	**624**

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

v. Notes to the interim consolidated financial statements

1. CORPORATE INFORMATION

Group structure

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

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

	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.

2. SIGNIFICANT EVENTS OF THE PERIOD

2.1. Debt into equity conversion

On 26 June 2023, SEF-LUX[2] , Golden Partner SA, Golden Partner Holding Co. Sàrl converted into equity the equivalent amount of kCHF 66’685 due under the several loans and outstanding interests, for details see Note 7 Share capital

As part of the conversion of debt into equity, the Company issued 141’299’859 new registered shares for 14’129’986 CHF. The capital increase was registered in the Commercial Register of the Canton of Vaud on 27 June 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2023 is prepared in accordance with IAS 34, “Interim financial reporting.” The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS.

[2] SEF-LUX refers to: Strategic Equity Fund SCA Sicav RAIF – Renewable Energy, 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: 25 October 2023.

3.2. New and amended accounting standards and IFRIC interpretations

The accounting policies applied by the Group in this interim condensed financial information are consistent with those applied in the consolidated financial statements as of and for the year ended 31 December 2022 except as described below.

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

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on 1 January 2023:

There were no new standards mandatory for the financial year beginning on 1 January 2023, impacting the Group.

There are only a limited number of amendments to the accounting standards that become applicable from 1 January 2023. These amendments have no impact on the Group.

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. The relevant standards and amendments identified by the Group to date are disclosed in the annual financial statements for the year ended 31 December 2022.

a) Critical accounting estimates and judgments

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022, except for the uncertainties and ability to continue as a going concern (see below).

b) 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 61'747 (including accrued interests).

In terms of financing, the Group raised additional funds from its majority shareholder, SEF-LUX, between 1 January 2023 to 30 June 2023, for a total amount of kCHF 26’000, amounts that were fully subordinated (see subsequent event note 17 for further details).

On 30 May 2023, SEF-LUX provided a comfort letter to the Group ensuring that under certain conditions SEF-LUX will provide the funding requirements determined by the Board of the Group up to an amount of kCHF 35’500.

In addition, as a financial restructuring measure and to improve the balance sheet situation, at the annual general meeting held on 26 June 2023, the conversion of CHF 66.7 million of existing debt (including accrued interest) contracted with SEF-Lux, Golden Partner SA, Golden Partner Holding Co. Sàrl, into equity through an ordinary capital increase was approved by the shareholders.

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-LUX 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.

c) Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as of 31 December 2022.

There have been no changes in the risk management or in any risk management policies since 31 December 2022.

d) Seasonality of operations

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

e) 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	
	30/06/23	30/06/22	30/06/23	30/06/22	30/06/23	30/06/22	30/06/23	30/06/22	30/06/23	30/06/22
Timing of revenue recognition:										
At a point in time	901	*503*	370	*928*	1,066	*830*	*87*	-	*2,424*	*2,260*
Over time	*4,127*	*2,747*	*639*	*1,448*	*594*	-	-	-	*5,359*	*4,195*
Revenue from contracts with customers	**5,028**	**3,250**	**1,009**	**2,376**	**1,659**	**830**	**87**	**-**	**7,784**	**6,456**
EBITDA	-15,287	-18,699	-3,339	-1,139	-2,775	-711	-5,645	-13,526	*-27,046*	-34,075
EBIT	-16,473	-21,367	-3,568	-1,478	-2,799	-1,101	-12,394	-13,866	-35,235	-37,813

Corporate costs in 2022, include impact of intermittent cell production in the first six months of that year.

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

	30/06/23	30/06/22
	kCHF	kCHF
EBITDA	**-27,046**	**-34,075**
EBITDA reportable segment	-21,401	-26,272
Corporate costs	-5,645	-7,803
Depreciation and amortisation	-3,140	-3,738
Net impairment losses on financial and contract assets	-1	-
Finance income	1,499	470
Finance costs	-8,336	-9,326
Share of net loss of associates accounted for using the equity meth	-	-
Income tax	-288	-143
Loss for the period	**-37,311**	**-46,811**

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4. REVENUES AND EXPENSES

4.1. Revenue from contract with customers

The Group has the following types of revenues:

	30/06/2023	30/06/2022
	kCHF	kCHF
Projects	5,359	4,195
Sales of goods & services	2,424	2,261
Licence sale	**7,783**	**6,456**
Over time	5,359	4,195
At a point in time	2,424	2,261
	7,783	**6,456**

In the first six months of 2023, the Group realised 58% of its revenue with one e-Mobility business unit customer. Comparatively, in the first six months of 2022, the Group realised 53.4% of its revenue with three e-Mobility customers business unit customer.

4.2. Other income

Other income amounts to kCHF 1’091 at period end Jun 2023 (2022: kCHF 1’143) and it encompasses mainly grants of Covid-19 loans in Switzerland with interest below market rate for kCHF 272 (2022: kCHF 497), insurance reimbursements for kCHF 167 as well as income related to prior years taxes for kCHF 264.

4.3. Personnel costs

	30/06/2023	30/06/2022
	kCHF	kCHF
Salaries	16,934	16,744
Social charges	1,968	2,274
Pension costs (defined benefit plan)	733	846
	19,635	**19,864**

4.4. Other operating expenses

	30/06/2023	30/06/2022
	kCHF	kCHF
Finance and Legal costs	1,425	176
Consulting and IP costs	1,125	2,584
IT costs	634	315
Building utilities	614	786
Administration costs	611	430
Travel costs	552	580
Manufacturing costs	538	348
Rental and storage costs	499	364
Transport and packaging	391	477
Sales & marketing costs	173	315
Insurances	134	293
Commissions on financing	7	-7
Sundry duties and capital taxes	-8	278
Miscellaneous	712	894
Other operating expenses	**7,407**	**7,835**

4.5. Finance costs

	30/06/2023	30/06/2022
	kCHF	kCHF
Finance costs - convertible loans	5,786	5,046
Finance costs - loans	1,127	1,499
Finance costs - leasing	222	170
Finance costs - warrants	-	2,448
Finance fees	605	125
Realised and unrealised exchange differences	578	-
Bank charges	18	39
	8,336	**9,326**

5. FINANCIAL ASSETS

	30/06/2023	31/12/2022
	kCHF	kCHF
Restricted cash at bank	18	1,295
Other deposits	2,055	1,361
Total financial assets	**2,073**	**2,657**

a) Financial assets

- Restricted cash at bank corresponds to performance guarantees on current projects under construction and a letter of credit for the construction of a new formation line at Leclanché GmbH in Germany.
- Other deposits correspond mainly to various guarantees for rent and a guarantee for the Covid-19 loan provided by Banque Cantonale Vaudoise ("BCV"), corresponding to the portion of the loan not covered by the Swiss government.

b) Investments accounted for using the equity method

Investments accounted for using the equity method relate to:

- An equity investment in the 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.

6. TRADE AND OTHER RECEIVABLES

	30/06/2023	31/12/2022
	kCHF	kCHF
Short-term		
Trade receivables - gross	*3,448*	*4,804*
Loss allowance	*-1,069*	*-1,077*
Trade receivables, net of provision for impairment	*2,381*	*3,727*
Loans - gross	194	*393*
Short-term loans	194	*393*
Other receivables	*4,637*	*2,463*
Total trade and other receivables - short term	**7,212**	**6,583**
Long-term		
Loans - gross	*12,033*	*12,098*
Loss allowance	*-9,887*	*-9,953*
Long-term loans	2,146	*2,145*
Total trade and other receivables - long term	**2,146**	**2,145**
Total trade and other receivables	**9,358**	**8,729**
Contract assets	**4,613**	**3,446**
Advances to suppliers	**12,216**	**6,232**

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

As of 30 June 2023, Leclanché loan of kCHF 9'887 (31 December 2022: kCHF 9'953) against Maple Leaf to finance the "IESO" project is fully impaired due to the low profitability of the project/site and the lack of visibility on the sale of the project.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. As of 30 June 2023, this resulted in an allowance of kCHF 1'069 (2022: kCHF 1'077).

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7. SHARE CAPITAL

7.1. Ordinary Share capital

As of 30 June 2023, the issued share capital of the Company amounts to kCHF 58’611 (2022: kCHF 44’482), divided into 586’114’769 (2022: 444’814’910) fully paid-in issued shares with a nominal value of CHF 0.10 each (2022: CHF 0.10).

Number of Shares	**30/06/2023**	**31/12/2022**
	Unit	Unit
Ordinary shares, nominal value CHF 0.10	586,114,769	444,814,910

Number of Shares	**30/06/2023**	**31/12/2022**
	Unit	Unit
As at 1 January	444,814,910	335,197,089
Shares issued	141,299,859	109,617,821
As at 30 June / 31 December	**586,114,769**	**444,814,910**

On 26 June 2023, SEF-LUX-LUX, Golden Partner Holding Co. Sàrl and Golden Partner SA converted into equity the equivalent amount of kCHF 66’685 due under the following loans and outstanding interests:

- AM Investment S.C.A. SICAV- FIS – R&D Sub-Fund: kCHF 21’504 under a loan agreement with the Company dated 25 June 2021 (so-called AM St. Kitts Construction Loan) and related interests up to 30 April 2023 for kCHF 1’316;
- AM Investment SCA SICAV-FIS – Liquid Assets Sub-Fund: kCHF 7’000 under a loan agreement with the Company dated 17 June 2022 (so-called Bridge Loan) and related interests up to 30 April 2023 for kCHF 486;
- AM Investment SCA SICAV-FIS – Liquid Assets Sub-Fund: kCHF 92 representing remaining due interests up to 30 September 2022 under extinguished loan agreement with the Company dated 4 February 2022 (so-called Working Capital Bridge Loans);
- AM Investment SCA SICAV-FIS – Illiquid Assets Sub-Fund: kCHF 2'500 under a loan agreement with the Company dated 25 June 2022 (so-called Bridge Loan) and related interests up to 30 April 2023 for kCHF 169;
- AM Investment SCA SICAV-FIS – Illiquid Assets Sub-Fund: kCHF 2’242 representing remaining due interests up to 30 September 2022 under various extinguished loan agreements;
- Golden Partner Holding Co. Sàrl: kCHF 5 representing due interests under extinguished loan agreement dated 4 February 2021 (so-called Trading Finance Loan 2021);
- Strategic Equity Fund SCA SICAV RAIF - Renewable Energy: kCHF 27’041 under various loan agreements (so-called Bridge Loans) with the Company dated 19 July 2022, 24 August 2022, 26 September 2022, 26 October 2022, 29 December 2022 and 7 February 2023 and related interests up to 30 April 2023 for kCHF 1’221;
- Strategic Equity Fund SCA SICAV RAIF – E-Money: kCHF 1’400 under two loan agreements (so-called Bridge Loans) with the Company dated 26 October 2022 and 7 February 2023 and related interests up to 30 April 2023 for kCHF 47;

- Strategic Equity Fund SCA SICAV RAIF – Multi Asset Strategy: kCHF 800 under two loan agreements (so-called Bridge Loans) with the Company dated 29 December 2022 and 7 February 2023 and related interests up to 30 April 2023 for kCHF 19;
- Strategic Equity Fund SCA SICAV RAIF and Golden Partner (Shanghai) Asset Management Co. Ltd: kCHF 843 representing arrangement fees under loan agreements.

As part of the conversion of debt into equity, the Company issued 141’299’859 new registered shares. The capital increase was registered in the Commercial Register of the Canton of Vaud on 27 June 2023.

7.2. 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:

a) 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.

b) 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.

c) Capital band

Following Swiss corporate law reform, the Articles of Association have been amended, as the authorised share capital has been replaced in the new law by the introduction of a capital band.

Further to the decisions made by the shareholders at the shareholders' general meeting held on 26 June 2023, pursuant to the new Article 3quater of the Articles of Association, the Board of Directors is authorised until 26 June 2028 to (a) increase the share capital (by means of one or several increases) up to a maximum amount of kCHF 87'917 through the issue of a maximum of 293'057'384 fully paid-in registered shares with a nominal value of CHF 0.10 each and/or (b) reduce the share capital (by means of one or several reductions) down to a minimum of kCHF 29'306. A capital reduction can take place by the cancellation of maximum 293'057'384 registered shares with a nominal value of CHF 0.10 each and/or by the reduction of the nominal value.

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.

Within the limits of this capital band, the Board of Directors is also authorised to reduce the share capital by means of nominal value reduction, one or several times a year, and to distribute the reduction amount to shareholders after amendment of the Articles of Association.

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

8. SHARE BASED PAYMENTS

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

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As of 30 June 2023, there are 1'610'000 outstanding options of this CSO Plan. The related reserve for share-based payment amounts to kCHF 861 (31 December 2022: kCHF 956). The related expenses in the first semester 2023 is kCHF 95 (2022: kCHF 1'355).

9. CONVERTIBLE LOANS AND WARRANTS

9.1. Convertible loans

As of 30 June 2023, the composition of the convertible loans is as follows:

	30/06/2023	31/12/2022
	kCHF	kCHF
Host liability- non-current liabilities	8,026	7,139
Embedded derivatives	14,232	12,927
Convertible loans - non-current liabilties	**22,258**	**20,066**
Host liability - current liabilities	-	10,566
Embedded derivatives	-	4,570
Convertible loans - current liabilities	**-**	**15,136**
Value of Convertible Loans at the end of the period	**22,258**	**35,202**

As of 30 June 2023, the convertible loans have been presented in the current liabilities for the ones carrying a maturity date before 30 June 2024 and in non-current liabilities for the ones carrying a maturity date beyond 30 June 2024 (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) 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. As of 31 December 2022, interests for kCHF 98 remain outstanding under the ROFO loan : they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

b) 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.

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. As of 31 December 2022, interests for kCHF 406 remained outstanding under the 2020 WCL loan : they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

c) GPFOF Bridge Loans (2021)

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. The "GPFOF bridge loans" have been converted with a 20% discount at a conversion price of 80% of the VWAP calculated over the 60 days preceding 2nd September 2022.

As of 30 June 2023, interests for kCHF 16 remain outstanding under the GPFOF Bridge Loans.

d) Working Capital Bridge Loan ("WCBL") - AM Investment SCA SICAV – FIS – Liquid Assets Sub-Fund

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.

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. 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.

As of 31 December 2022, interests for kCHF 92 remain outstanding under the WCBL Loans : they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

e) 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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 486, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million. The "AM Investment SCA SICAV-FIS-Liquid Assets Sub-Fund" have been converted with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023.

On 26 June 2023, the outstanding amount of host liability and embedded derivatives of kCHF 1'076 has been converted into equity.

f) Strategic Equity Fund SCA Sicav RAIF

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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 350 and fees (5%) amounting to kCHF 280, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 182, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 175 and fees (5%) amounting to kCHF 187, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 40, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 432, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 13 and fees (2%) amounting to kCHF 10, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

On 3 January 2023, Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy granted a financing of kCHF 3'000, 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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 77 and fees (2%) amounting to kCHF 60, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

On 8 February 2023, Strategic Equity Fund c/o Strategic Equity Fund – E-Money granted a financing of kCHF 400, following the convertible loan agreement signed between the parties on 7 February 2023. This loan has a maturity date to 7 February 2026 and bears interest at a rate of 8% per annum. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 7 and fees (2%) amounting to kCHF 8, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

On 8 February 2023, Strategic Equity Fund c/o Strategic Equity Fund – Multi Asset Strategy granted a financing of kCHF 300, following the convertible loan agreement signed between the parties on 7 February 2023. This loan has a maturity date to 7 February 2026 and bears interest at a rate of 8% per annum. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 5 and fees (2%) amounting to kCHF 6, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

On 8 February 2023, Strategic Equity Fund c/o Strategic Equity Fund – Renewable Energy granted a financing of kCHF 300, following the convertible loan agreement signed between the parties on 7 February 2023. This loan has a maturity date to 7 February 2026 and bears interest at a rate of 8% per annum. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 5 and fees (2%) amounting to kCHF 6, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million.

The above "Strategic Equity Fund SCA Sicav RAIF" loans/interests/fees have been converted with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023.

On 26 June 2023, the outstanding amount of host liability and embedded derivatives of kCHF 1'884 has been converted into equity.

g) GPPE FOF Bridge Loans (2023)

On 9 February 2023, Golden Partner Private Equity FOF granted a financing of kCHF 1'000, following the convertible loan agreement signed between the parties on 7 February 2023. This loan has a maturity date to 7 February 2026 and bears interest at a rate of 8% per annum. Related arrangement fees (2%), amounting to kCHF 20, have been converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023). As of 30 June 2023, principal of kCHF 1'000 and interests of kCHF 30 remain outstanding on the Golden Partner Private Equity FOF – Bridge loan.

On 17 March 2023, Golden Partner Private Equity FOF granted a financing of kCHF 1'000, following the convertible loan agreement signed between the parties on 14 March 2023. This loan has a maturity date to 14 March 2026 and bears interest at a rate of 12% per annum. Related arrangement fees (2%), amounting to kCHF 20, have been converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023). As of 30 June 2023, principal of kCHF 1'000 and interests of kCHF 34 remain outstanding on the Golden Partner Private Equity FOF – Bridge loan.

On 23 March 2023, Golden Partner Private Equity FOF granted a financing of kCHF 6'500, following the convertible loan agreement signed between the parties on 23 March 2023. This loan has a maturity date to 23 March 2026 and bears interest at a rate of 12% per annum. Related arrangement fees (2%), amounting to kCHF 130, have been converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023). As of 30 June 2023, principal of kCHF 6'500 and interests of kCHF 207 remain outstanding on the Golden Partner Private Equity FOF – Bridge loan.

On 24 April 2023, Golden Partner Private Equity FOF granted a financing of kCHF 5'800, following the convertible loan agreement signed between the parties on 24 April 2023. This loan has a maturity date to 24 April 2026 and bears interest at a rate of 12% per annum. Related arrangement fees (2%), amounting to kCHF 116, have been converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023). As of 30 June 2023, principal of kCHF 5'800 and interests of kCHF 124 remain outstanding on the Golden Partner Private Equity FOF – Bridge loan.

The above loans have been subordinated as of 27 May 2023.

On 13 June 2023, Golden Partner Private Equity FOF – RAIF – Privilege Invest Sub-Fund granted a financing of kCHF 6'700, following the convertible loan agreement signed between the parties on 30 May 2023. This loan has a maturity date to 30 May 2026 and bears interest at a rate of 12% per annum. As of 30 June 2023, principal of kCHF 6’700 and interests of kCHF 37 remain outstanding on the Golden Partner Private Equity FOF – RAIF – Privilege Invest Sub-Fund. This loan have been subordinated as of 30 May 2023.

As of 30 June 2023, host liability and embedded derivative amounting to kCHF 250 remain outstanding.

h) Strategic Yield Fund (2023)

On 14 June 2023, Strategic Yield Fund granted a financing of kCHF 1’000, following the convertible loan agreement signed between the parties on 30 May 2023. This loan has a maturity date to 30 May 2026 and bears interest at a rate of 12% per annum. As of 30 June 2023, principal of kCHF 1’000 and interests of kCHF 5 remain outstanding on the Strategic Yield Fund.

The above loans have been subordinated as of 30 May 2023.

As of 30 June 2023, host liability and embedded derivative amounting to kCHF 8 remain outstanding.

i) Securities

All SEF-LUX convertible loans and loans presented in Notes 9 and 10 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.

9.2. 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 2023 and 2022. As of 30 June 2023, there were 0 (2022: 0) outstanding and unexercised Series A Warrants and 594'876 (2022: 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 (2022: 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 has been issued in 2021, 2022 and 2023.

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.

10. LOANS

	30/06/2023	31/12/2022
	kCHF	kCHF
Current loans	2,104	3,731
Non-current loans	10,571	32,590
	12,675	**36,321**

10.1. 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: they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

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: they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

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 : they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

10.2. e-Mobility 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-Mobility 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-Mobility 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-Mobility 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-Mobility Bridge Loan : they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

10.3. 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 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. Due to a calculation error in connection with the Conversion Agreement, the interest claim used for the conversion was mistakenly too low by an amount of kCHF 5. As of 31 December 2022, interests for kCHF 5 remained outstanding under the Trading Finance Loan 2021 : they were converted in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

10.4. 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 2021. Due to a calculation error in connection with the Conversion Agreement, the interest claim used for the conversion was mistakenly too high by an amount of kCHF 243. This amount has been deducted from the amounts converted in relation with AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million on 26 June 2023 (with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023).

10.5. 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. This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 169, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million. The “AM Investment SCA SICAV-FIS-Illiquid Assets Sub-Fund” have been converted with a 25% discount at a conversion price of 75% of the VWAP calculated over the 60 days preceding 30 April 2023.

10.6. 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-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 30 June 2023, principal of kCHF 4’947 (31 December 2022: kCHF 4’947) and interests of kCHF 835 (31 December 2022: kCHF 803) remain outstanding under the Eneris LA.

10.7. 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 bears 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 bores an average annual coupon of 0.7%. Since 1 April 2023, it bears an annual interest rate of 2.0%.

a) St Kitts construction loan (AM Investment SCA SICAV-FIS-R&D Sub-Fund)

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

This loan, as well as accrued related interests up to 30 April 2023 amounting to kCHF 1'316, have been fully converted on 26 June 2023, in the context of the conversion of loans and interests into equity for a total amount of CHF 66.7 million. The "AM Investment SCA SICAV-FIS-R&D Sub-Fund" have been converted with a 15% discount at a conversion price of 85% of the VWAP calculated over the 60 days preceding 30 April 2023.

b) 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.

11. NET DEBT RECONCILIATION

	30/06/2023	**31/12/2022**
	kCHF	kCHF
Cash and cash equivalents	2,303	1,362
Convertible loans - repayable within one year	-	-20,066
Convertible loans - repayable after one year	-22,258	-15,136
Loans - repayable within one year	-827	-3,731
Loans - repayable after one year	-11,848	-32,590
Lease liabilities -short term	-2,233	-2,743
Lease liabilities - long term	-18,570	-19,646
Net Debt	**-53,433**	**-92,550**
Cash and liquid investments	2,303	1,362
Gross debt - fixed interest rates	-55,736	-93,912
Net Debt	**-53,433**	**-92,550**

	Cash and cash equivalents	Convertible loans	Loans	Lease liabilities	Total
	kCHF	kCHF	kCHF	kCHF	kCHF
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	-	-27,400	-2,500	-	**-29,900**
Cash outflow (+) for liabilties, (-) for assets	624	-	521	1,409	**2,554**
Acquisition - leases	-	-	-	-	**-**
Conversion to equity	-	-	-	-	**-**
Equity component of convertible loans & warrants	-	-	-	-	**-**
Finance costs	-	-5,046	-1,484	-170	**-6,700**
Convertible loans issue costs	-	283	-	-	**283**
Interests paid	-	-	85	170	**255**
Interests accrued for	-	2,233	1,414	-	**3,647**
Foreign exchange adjustments	-581	-	185	-	**-396**
Covid-19 subsidies	-	-	-497	-	**-497**
Other non cash movements	-	-	-	-236	**-236**
Net Debt as of 30 June 2022	**2,913**	**-39,531**	**-40,879**	**-23,714**	**-101,211**
Net Debt as of 1 January 2023	**1,362**	**-35,201**	**-36,322**	**-22,389**	**-92,550**
Transfer from Loans to Convertible Loans	-	-	-	-	**-**
Cash inflow	-	-26,000	-	-	**-26,000**
Cash outflow (+) for liabilties, (-) for assets	951	-	380	1,201	**2,532**
Acquisition - leases	-	-	-	-	**-**
Conversion to equity	-	47,203	25,246	-	**72,448**
Equity component of convertible loans & warrants	-	-	-	-	**-**
Finance costs	-	-5,866	-1,092	-222	**-7,180**
Convertible loans issue costs	-	-763	-	-	**-763**
Interests paid	-	-	35	222	**256**
Interests accrued for	-	-1,630	-455	-	**-2,086**
Foreign exchange adjustments	-10	-	439	-	**429**
Covid-19 subsidies	-	-	-	-	**-**
Other non cash movements	-	-	-905	385	**-520**
Net Debt as of 30 June 2023	**2,303**	**-22,258**	**-12,675**	**-20,803**	**-53,433**

12. TRADE AND OTHER PAYABLES

	30/06/2023	31/12/2022
	kCHF	kCHF
Trade payables	**14,007**	**10,838**
Other payables:	**17,398**	**15,449**
Accruals	8,264	9,697
Payroll and social charges	7,780	4,913
Other payables	1,353	838
	31,405	**26,286**

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13. FINANCIAL INSTRUMENTS

13.1. Fair values

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

The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data.

There were no transfers between the respective levels during the period.

For financial assets at FVTPL (Fair Value Through Profit and Loss), the cost value is still the best evidence of the fair value. It consists of investments in structured entities. For additional information, see Note 5.

13.2. Embedded derivatives

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

	30/06/2023	**31/12/2022**
	kCHF	kCHF
Host liability- non-current liabilities	8,026	7,139
Embedded derivatives	14,232	12,927
Convertible loans - non-current liabilties	**22,258**	**20,066**
Host liability - current liabilities	-	10,566
Embedded derivatives	-	4,570
Convertible loans - current liabilities	**-**	**15,136**
Value of Convertible Loans at the end of the period	**22,258**	**35,202**

13.3. 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).

14. COMMITMENTS AND CONTINGENCIES

The Group's principal contingent liabilities arise from property rental guarantees and performance guarantees.

As of 2023, the Group is subject to claims and threatening litigations related to various projects:

- Eneris : the Eneris partnership was built around three inter-related agreements, of which two were terminated. Eneris has asserted claims and damages against the Company which the Company has formally rejected. In December 2022, Eneris has filed a lawsuit against the Company in the District Court of Luxembourg over kEUR 5'000 plus interest. Lenclanché objected to the claim on various grounds. The proceedings are currently pending.

- Maple Leaf has difficulties to fulfil its ongoing obligations. The Company is a limited partner of Maple Leaf. The Company has claims against Maple Leaf, and it has been asserted several related claims. The Company had entered an agreement with Strategic Yield Fund RAIF in May 2023, a creditor of Maple Leaf, for the assignment of a loan to the Company against Maple Leaf. The Company has recently filed a lawsuit against Maple Leaf at the Ontario Superior Court of Justice to enforce the loan. It is likely that Maple Leaf will end up in liquidation and that the Company will not be able to recover all its claims.

The Group has also 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 30 June 2023, the guarantees in issue were kCHF 2’073 (31 December 2022: kCHF 2’657), see note 5.

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 “Provisions”.

15. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties.

15.1. Key Management compensation

The compensation to key Management is shown below:

	30/06/2023	30/06/2022
	kCHF	kCHF
Salaries and other short-term employee benefits	363	1,226
Post-employment benefits	-	148
Total	**363**	**1,374**

15.2. 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.
- **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.

15.3. Transactions

	30/06/2023	30/06/2022
	kCHF	kCHF
Other operating expenses purchased:		
- from SEF-Lux Advisors	0	38
	0	**38**
Finance costs		
- from SEF-Lux	7,374	8,459
	7,374	**8,459**
Finance income		
- to USGEM / SGEM	-	21
	-	**21**

15.4. Year-end balances

	30/06/2023	31/12/2022
	kCHF	kCHF
Included in current and non-current assets:		
- long term loan from USGEM	948	948
- long term loan from SGEM	184	184
- receivable from Marengo	127	57
- receivable from SGEM	360	360
	1,620	**1,550**
Included in current and non-current liabilities:		
- loans & fees due to SEF-Lux advisors	154	154
- loans due to SEF-Lux	22,438	60,702
- trade and other payables due to SEF-Lux advisors	874	874
- trade and other payables due to Silveron	37	82
	23,503	**61,812**

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.

On 30 March 2021, the Group and Marengo / USGEM / SGEM have signed a repayment plan for all outstanding invoices and loans until November 2023.

16. EARNING PER SHARE

	30/06/2023	30/06/2022
	kCHF	kCHF
Net loss attributable to ordinary equity holders of the parent	-37,311	-46,812

	30/06/2023	30/06/2022
Weighted average number of ordinary shares in issue	448,739,906	335,197,089

	30/06/2023	30/06/2022
Earnings per share	CHF	CHF
- basic	-0.08	-0.14
- diluted	-0.08	-0.14

Basic profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration.

17. SUBSEQUENT EVENTS

The evolution in terms of financing is as follows:

- On 14 July 2023, the Company has received an additional financing of kCHF 1'000 from Strategic Equity Fund – Renewable Energy, following the convertible loan agreement signed between the parties on 13 July 2023.
- On 17 July 2023, the Company has received an additional financing of kCHF 500 from Strategic Equity Fund – Renewable Energy, following the convertible loan agreement signed between the parties on 17 July 2023.
- On 26 July 2023, the Company has received an additional financing of kCHF 4'000 from AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund, following the convertible loan agreement signed between the parties on 26 July 2023.
- On 10 August 2023, the Company has received an additional financing of kCHF 4'700 from AM Investment S.C.A. SICAV - FIS – illiquid Assets Sub-Fund, following the convertible loan agreement signed between the parties on 10 August 2023.
- On 7 September2023, the Company has received an additional financing of kCHF 7'700 from Strategic Equity Fund – Renewable Energy, following the convertible loan agreement signed between the parties on 6 September 2023.

The above loans of kCHF 17'900 have been subordinated.

- On 25 October 2023, the Company has received an additional financing of kCHF 7'200 from Strategic Equity Fund – Renewable Energy, following the convertible loan agreement signed between the parties on 23 October 2023.

- Carve out SBS - In October 2023 the Company has created a separate entity for the business of Specialty. Through this carve-out operation the entity Leclanché SBS SA (Specialty Battery Systems) was created, a fully owned subsidiary of Leclanché SA. For more details see Management Report section, note 3 and note 4.3.

III. CONTACTS AND DISCLAIMER

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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#/

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