

## PRESS RELEASE

The Swiss Takeover Board has approved the request for an exemption from the mandatory takeover offer duty by FEFAM<sup>1</sup> to convert its certain debt into equity in Leclanché

**Leclanché supports the exemption request and welcomes the approval by the Swiss Takeover Board.**

**YVERDON LES BAINS, Switzerland, 3 December 2018:** Leclanché SA (SIX: LECN), one of the world's leading energy storage solution companies, announces today that on 27<sup>th</sup> November 2018 the Swiss Takeover Board approved the request from FEFAM, the Company's largest shareholder, to convert its certain debt into equity in Leclanché.

As previously announced on 22 November, Leclanché is engaged in a decisive process to reduce its debt and strengthen the Company's balance sheet. An Extraordinary General Meeting, scheduled to take place on 11 December 2018, is convened to seek shareholder's approval to reduce the Company's debt level by 65%.

Leclanché's Board of Directors will propose to its shareholders to approve FEFAM's debt to equity conversion which has now received approval from the Swiss Takeover Board.

The Swiss Takeover Board ordered that Leclanché publishes the operative part of the TOB's decision, Leclanché's board of director's position (board statement) and the time limit and conditions under which a qualified shareholder may lodge an objection against this decision. More information is available in the attached statement of the Board of Directors of Leclanché (see annex).

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<sup>1</sup> FEFAM means: AM INVESTMENT SCA, SICAV-SIF - Liquid Assets Sub-Fund, together with FINEXIS EQUITY FUND - Renewable Energy Sub-Fund, FINEXIS EQUITY FUND - Multi Asset Strategy Sub-Fund, FINEXIS EQUITY FUND – E Money Strategies Sub-Fund (also called Energy Storage Invest) and, all these funds being in aggregate the main shareholder of Leclanché, hereunder referred to as “FEFAM”.

## About Leclanché

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

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

### Disclaimer

This press release contains certain forward-looking statements relating to Leclanché's business, which can be identified by terminology such as "strategic", "proposes", "to introduce", "will", "planned", "expected", "commitment", "expects", "set", "preparing", "plans", "estimates", "aims", "would", "potential", "awaiting", "estimated", "proposal", or similar expressions, or by expressed or implied discussions regarding the ramp up of Leclanché's production capacity, potential applications for existing products, or regarding potential future revenues from any such products, or potential future sales or earnings of Leclanché or any of its business units. Page 4/4 You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of Leclanché regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that Leclanché's products will achieve any particular revenue levels. Nor can there be any guarantee that Leclanché, or any of the business units, will achieve any particular financial results.

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## **Position of the Board of Directors of Leclanché SA**

Position of the Board of Directors of Leclanché SA on the request for an exemption from the obligation to submit a takeover bid for the exceeding of the 49% threshold for holding Leclanché shares, following the conversion of a convertible note by the applicant.

### **1. Summary of the report of the Board of Directors of Leclanché SA to the Takeover Board of 1<sup>st</sup> October 2018**

The purpose of this report is to put into perspective the request for the exemption from an offer to purchase all the shares of Leclanché SA, hereinafter referred to as "Leclanché" or "the Company", made by AM INVESTMENT SCA, SICAV-SIF - Liquid Assets Sub-Fund, as well as by FINEXIS EQUITY FUND - Renewable Energy Sub-Fund, FINEXIS EQUITY FUND - Multi Asset Strategy Sub-Fund, FINEXIS EQUITY FUND - E Money Strategies Sub-Fund (also called Energy Storage Invest), all such funds being in aggregate the principal shareholder of Leclanché, hereinafter referred to as "FEFAM" or the "Applicant", who proposes to increase its investment in Leclanché.

Leclanché develops, produces and installs turnkey solutions for energy storage. Its activities cover domestic and small business applications, large industries, power grids, as well as the hybridization of public transport such as bus, tram and ferry fleets. Founded in 1909, Leclanché SA markets battery-based energy storage solutions. With a tradition dating back to Georges Leclanché, the inventor of the dry cell, the company has a wide portfolio of energy storage solutions ranging from custom-made batteries to the latest lithium-ion technologies on an industrial scale. Since 2006, Leclanché has established itself as the European leader in the development and production of lithium-ion cells and a world leading provider of energy storage solutions.

Leclanché's history and heritage is rooted in more than 100 years of battery and energy storage innovation and the company is a respected global provider of energy storage solutions. This, combined with a culture of German engineering, precision and Swiss quality, makes Leclanché the partner of choice for companies and governments that are at the forefront of changes in the way energy is produced, distributed and consumed around the world.

The energy transition is mainly driven by changes in the management of our electricity networks and the electrification of transport. These two markets are the backbone of the Company's strategy and business model. Leclanché is at the heart of the convergence of transport electrification and the evolution of electricity distribution networks. The Company is organized into three business units: stationary storage solutions, transport solutions and special battery systems.

Leclanché required long term investments to finance its rapid growth and ensure the delivery of a growing number of significant and high profile contracts won by the Company. Leclanché has initiated over the past twenty-four months a large number of actions to attract new financial and industrial investors in order to finance its growth. All measures taken before February 2016 were disclosed in the report of Leclanché's Board of Directors to the Takeover Board on 31 January 2018. In summary, these initiatives include :

1. Hiring of Alexa Capital (Alexa) in February 2016, a London-based investment bank. Through multiple road shows with Alexa, Leclanché raised CHF 11.1 million in August 2016.
2. In light of the foregoing raise being smaller than the target amount (explained among others by the undercapitalization of the Company and a return to profitability in a two year horizon), in October 2016, Leclanché mandated a second bank, a London subsidiary of a major Canadian investment bank, to assist the Company in raising debt,

capital and funds to directly finance the energy storage projects won by Leclanché, as well as the Company's working capital requirements. This resulted in an investor particularly interested in providing Leclanché with a credit facility of CHF 70 million. Although Leclanché has successfully passed all due diligence steps, the investment committee of this British investment fund has finally decided not to lend these funds to Leclanché for two main reasons:

- a) The Company's equity was too low. Placing a significant amount of debt alongside insufficient equity would alter Leclanché's balance sheet;
- b) Although the Company has very attractive growth prospects in the electric transport sector, it had not yet signed a major contract.

Because of the above, the Company's board decided to concentrate its funding efforts with its largest and supportive shareholder FEFAM until such time the Company is able to attract new financial and industrial investors.

As of December 2017, FEFAM has taken a significant number of steps and invested in Leclanché through various means (Leclanché bonds, non-convertible loans, convertible notes). These investments, in aggregate, provide Leclanché the following funds:

- a) CHF 16.5 million Mandatory Convertible Notes ("MCN) converted in June 2018
- b) CHF 60.5 million of Corporate funding line (CL), of which CHF 36 million has already been drawn.
- c) USD 50 million M & A Facility for investment in mergers and acquisitions on Right-of-First-Offer basis ("ROFO"). To date, FEFAM has invested a total of CHF 10,100,000 through this facility.

FEFAM has undertaken to convert an amount of its debt in excess of CHF 50 million as soon as possible. The converted amount corresponds to CL 36 million plus 11 million convertible loans granted in 2017 and ROFO 7.6 million, converted at a price of CHF 1.50 per share. This conversion would enable Leclanché to resolve a potential negative equity issue at 31 December 2018 (Article 725(2) CO).

The presentation of a balance sheet with positive equity as at 31 December 2018 is a prerequisite for Leclanché to raise additional funds. PricewaterhouseCoopers ("PwC"), Leclanché's statutory auditor, has taken note of the financing carried out by FEFAM in December 2017 and February 2018, but expects the Company to raise additional funds to enable it to improve its financial situation and ensure its financing for a period of at least twelve months from the signing of the 2018 annual accounts. To date, this obligation can be met by FEFAM's conversion of an amount exceeding CHF 50 million, which is only possible following FEFAM's exemption from an offer to repurchase all the shares of Leclanché SA (LECN).

FEFAM does not intend to take control of Leclanché although its interest in Leclanché will temporarily exceed the 49% threshold for the reasons mentioned above.

Leclanché expressed its full support for FEFAM's request for a derogation. This support was confirmed by the decision of 28 September 2018 taken by the Leclanché Board of Directors.

The debt to equity conversion has been proposed to improve the financial status of the Company and its balance sheet position with the aim to eliminate over-indebtedness. If the capital increase is approved and the debt to equity conversion is consummated, Finexis Equity Fund SCA and certain of its sub-funds will hold approx. 64.3% of the voting rights and share capital in Leclanché.

The Board of Directors, in alignment with FEFAM's advisor, are in discussions with strategic investors to further diversify the company's shareholder base. The Board remains optimistic about attracting new shareholders due to the proposed increase in Equity, and the significant contracts won by the Company, in particular in the Transport sector such as eMarine contracts with Kongsberg already announced by the Company,

For the Board of Directors of Leclanché  
Jim Attack

## **2. Decision of the Takeover Board of 27 November 2018**

On 27 November 2018, the Takeover Board took the following decision (published on [www.takeover.ch](http://www.takeover.ch))

1. FINEXIS EQUITY FUND - Renewable Energy, FINEXIS EQUITY FUND - Multi Asset Strategy, FINEXIS EQUITY FUND - E Money Strategies and AM Investment S.C.A. SICAV-SIF - Liquid Assets Sub-Fund are exempt from the obligation to make a public takeover bid to the shareholders of LECLANCHE SA, individually or collectively, insofar as they exceed the threshold of 49% of the voting rights of LECLANCHE SA following their subscription to the ordinary increase in share capital of CHF 54,691,996.50 to be decided by the extraordinary general meeting of LECLANCHE SA on 11 December 2018 as part of the restructuring of LECLANCHE SA.
2. LECLANCHE SA will publish the operative part of this decision, its position and the time limit and conditions under which a qualified shareholder may lodge an objection against this decision no later than three trading days following notification of this decision.
3. This decision will be published on the website of the Takeover Board on the day of the electronic publication of the position of the Board of Directors of LECLANCHE SA containing the operative part of this decision.
4. The fee charged to FINEXIS EQUITY FUND - Renewable Energy, FINEXIS EQUITY FUND - Multi Asset Strategy, FINEXIS EQUITY FUND - E Money Strategies and AM Investment S.C.A. SICAV-SIF - Liquid Assets Sub-Fund is fixed at CHF 35'000, jointly and severally.

## **3. Opposition (Art. 58 of the Takeover Ordinance, SR 954.195.1)**

A shareholder who holds at least 3% of the voting rights, whether or not exercisable, of the target company (qualified shareholder, Art. 56 of the Takeover Ordinance, TOO) and who has not participated in the proceedings may lodge an objection against this decision. The opposition must be filed with the Takeover Board within five trading days of the publication of the operative part of this decision. The period begins on the first trading day after publication. The opposition must include a conclusion, a summary statement of reasons and proof of the author's participation in accordance with Art. 56 para. 3 and 4 TOO (Art. 58 para. 4 TOO).