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ELECTROVAYA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2021

AUGUST 6, 2021

ELECTROVAYA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

Management's discussion and analysis ("MD&A") provides our viewpoint on our Company, performance and strategy. "We," "us," "our," "Company" and "Electrovaya" include Electrovaya Inc. and its wholly-owned or controlled subsidiaries, as the context requires.

Our Board of Directors, on the recommendation of its Audit Committee, approved the content of this MD&A on August 6, 2021 and it is, therefore, dated as at that date. This MD&A includes the operating and financial results for the quarters ending June 30, 2021 and 2020, and should be read in conjunction with our consolidated financial statements. It includes comments that we believe are relevant to an assessment of and understanding of the Company's consolidated results of operations and financial condition. The financial information herein is presented in thousands of US dollars unless otherwise noted (except per share amounts, which are presented in US dollars unless otherwise noted), in accordance with International Financial Reporting Standards ("IFRS"). Additional information about the Company, including Electrovaya's current annual information form, can be found on the SEDAR website for Canadian regulatory filings at www.sedar.com.

Forward-looking statements

This MD&A contains forward-looking statements including statements with respect to the effect of the global COVID-19 novel coronavirus pandemic and its impact on the Company's supply chain, customer demand and order flow, its health implications on employees and other stakeholders, and its effect on the Company's delivery schedule, other factors impacting revenue, the competitive position of the Company's products, global trends in technology supply chains, the Company's strategic objectives and financial plans, including the operations and strategic direction of Electrovaya Labs, the Company's products, including E-bus and electric lift truck applications and the potential for revenue from new applications (including the e-bus market), cost implications, continually increasing the Company's intellectual property portfolio, additional capital raising activities, , the adequacy of financial resources to continue as a going concern, and also with respect to the Company's markets, objectives, goals, strategies, intentions, beliefs, expectations and estimates generally. Forward-looking statements can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "possible", "expect", "intend", "estimate", "anticipate", "believe", "plan", "objective" and "continue" (or the negatives thereof) and words and expressions of similar import. Readers and investors should note that any announced estimated and forecasted orders and volumes provided by customers and potential customers to Electrovaya also constitute forward-looking information and Electrovaya does not have (a) knowledge of the material factors or assumptions used by the customers or potential customers to develop the estimates or forecasts or as to their reliability and (b) the ability to monitor the performance of the business its customers and potential customers in order to confirm that the forecasts and estimates initially represented by them to Electrovaya remain valid. If such forecasts and estimates do not remain valid, or if firm irrevocable orders are not obtained, the potential estimated revenues of Electrovaya could be materially and adversely impacted.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the outcome of such statements involve and are dependent on risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Material assumptions used to develop forward-looking information in this MD&A include, among other things, that that current customers will continue to make and increase orders for the Company's products; that the Company's alternate supply chain will be adequate to replace material supply and manufacturing; that the Company's products will remain competitive with currently-available alternatives in the market; that the alternative energy market will continue to grow and the impact of that market on the Company; the purchase orders actually placed by customers of Electrovaya; customers not terminating or renewing agreements; general business and economic conditions (including but not limited to currency rates and creditworthiness of customers); the relative effect of the global COVID-19 public health emergency on the Company's business, its customers, and the economy generally; that any settlement of claims with respect to Litarion will proceed on the agreed upon terms; actions taken by creditors and remedies granted by German courts in the Litarion insolvency proceedings and their effect on the Company's business and assets; negative reactions of the Company's existing customers to Litarion's insolvency process; the Company's liquidity and capital resources, including the availability of additional capital resources to fund its activities; the Company's ability to consolidate its shares in contemplation of listing on NASDAQ; the Company's application and ability to list its common shares on NASDAQ; industry competition; changes in laws and regulations; legal and regulatory proceedings; the ability to adapt products and services to changes in markets; the ability to retain existing customers and attract new ones; the ability to attract and retain key executives and key employees; the granting of additional intellectual property protection; and the ability to execute strategic plans. Information about risks that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found herein under the heading "Qualitative and Quantitative Disclosures About Risks and Uncertainties", in the Company's Annual Information Form ("AIF") for the year ended September 30, 2020 under the heading "Risk Factors", and in other public disclosure documents filed with Canadian securities regulatory authorities. The Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements contained or incorporated by reference in this document, whether as a result of new information, future events or otherwise, except as required by law.

ELECTROVAYA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. OUR BUSINESS

Electrovaya Inc. designs, develops and manufactures lithium ion batteries for Material Handling Electric Vehicles ("MHEV") and other electric transportation applications, as well for electric stationary storage and other battery markets. Our main businesses include:

(a) lithium ion battery systems to power MHEV including fork-lifts as well as accessories such as battery chargers to charge the batteries;

(b) lithium ion batteries for other transportation applications; and,

(c) industrial products for energy storage.

The Company has a battery and battery systems research and manufacturing facility in Mississauga, Ontario. In December 2019, Electrovaya moved its corporate head office to 6688 Kitimat Road in Mississauga, Ontario. The new location, which comprises approximately 62,000 square feet, is designed to enhance the Company's productivity and efficiency.

The Company researches in many areas of lithium ion batteries and has developed and patented a number of items in the lithium ion battery area. Electrovaya carries out engineering development at this facility, including assembly of complete battery systems. The Company has operating personnel at our headquarters in Canada and sales personnel in the USA.

Electrovaya has a team of mechanical, electrical, electronic, battery, electrochemical, materials and system engineers able to give clients a "complete solution" for their energy and power requirements. Electrovaya has substantial intellectual property in the lithium ion battery sector.

Management believes that our battery and battery systems contain a unique combination of characteristics that enable us to offer battery solutions that are competitive with currently available advanced lithium ion and non-lithium ion battery technologies. These characteristics include:

- *Scalability and pouch cell geometry*: We believe that large-format pouched prismatic (flat) cells represent the best long-term battery technology for use in large electro-motive and energy storage systems.

- *Safety*: We believe our batteries provide a high level of safety in a lithium ion battery. Safety in lithium ion batteries is becoming an important performance factor and Original Equipment Manufacturers ("OEMs") and users of lithium ion batteries prefer to have the highest level of safety possible in lithium ion batteries.

- *Cycle-life*: Our cells are in the forefront of battery manufacturers with respect to cycle-life, with excellent rate capabilities. Cycle-life is generally controlled by the parasitic reactions inside the cell and these reactions have to be reduced in order to deliver industry leading cycle-life. Higher cycle-life is of importance in many intensive applications of lithium ion batteries.

- *Energy and Power*: Our batteries give industry leading combination of energy and power and can be application specific.

- *Battery Management System ("BMS")*: Our BMS has developed over the years, and provides excellent control and monitoring of the battery with advanced features as well as communication to many chargers, electric vehicles and other devices.

2. OUR STRATEGY

We have developed a series of products which focus on maximising the safety and cycle-life of the battery such that mission critical and intensive use applications would be interested in such batteries while giving appropriate energy and power. We developed cells, modules, battery management systems, software and firmware necessary to deliver systems for discerning users. We also developed supply chains which can produce needed components including separators, electrolytes with appropriate additives, cells and cell assembly, modules, electronic boards, electrical and mechanical components as needed for our battery systems. Supply chains allow flexibility in production as well as ability to manage scalable and fluctuating demands, especially for emerging new product introductions. The global trend in technology products is to use high quality supply chains to achieve scalable production and reduce or eliminate ownership of component suppliers. The battery systems we have developed are focused on mission critical applications, where the battery has to be used for long durations and could be charged and discharged several times a day. Electrovaya has moved away from owning component suppliers and making use of higher levels of contract manufacturing to produce its customised requirements.

Our goal is to utilize our battery and systems technology to develop and commercialize mass-production levels of battery systems for our targeted end markets.

To achieve these strategic objectives, we intend to:

- Establish global strategic relationships in order to broaden the market potential of our products and services;

- Develop and commercialize leading-edge technology for the stationary grid, zero-emission vehicle, as well as partnering with key large organizations to bring them to market;

- Invest in research and development initiatives related to new technologies that reduce the costs of our products, but enhance the operating performance, of our current and future products; and,

- Focus on intensive use and mission critical applications such as the logistics and e-commerce industry, automated guided vehicles, electric buses, energy storage and similar other applications.

3. RECENT DEVELOPMENTS

Q3 FY2021 Business Highlights

- On June 16, 2021, Electrovaya announced that the Company and its officers reached an agreement with the Administrator of Litarion GmbH ("Litarion") to mutually settle all potential claims as part of the termination of Litarion's insolvency proceedings. Electrovaya agreed to pay €221,000 as full and final settlement, which includes payment for certain intellectual property received by the Company. The payment is to be made in instalments over a nine-month period.

- On June 23, 2021, the Company announced that it has established a new operating division: Electrovaya Labs. Electrovaya Labs will focus on research, development, and commercialization of some of the fundamental technologies and intellectual property at Electrovaya. One key area of focus is the development of a solid-state battery.

- On July 14, 2021, Electrovaya announced that it has extended the term to maturity of its C$6 million promissory notes with a Canadian financial institution from June 30, 2021 to December 31, 2021. The effective interest rate was reduced from 11% to 10%.

- On July 20, 2021, the Company announced the following business updates:
    - Electrovaya received its first purchase orders from one of the world's largest e-commerce companies. The orders were valued at more than US$2 million and received through Electrovaya's OEM channel under its Strategic Supply Agreement.
    - The Company received repeat orders valued at approximately US$1.5 million through its OEM partner from two of the world's largest food manufacturing firms, headquartered in the United States and Europe, respectively; and
    - The Company received a purchase order worth approximately C$1 million from one of North America's largest food processing firms, headquartered in Canada. This order came through Electrovaya's direct sales channel.

- The Company continues to make significant progress in the e-bus market and anticipates increased revenue from this segment in the 2022 fiscal year.

- The Company is making progress with its capital market initiatives in Canada and the United States. Management and the Board of Directors will carefully monitor the capital markets and the benefits and risks to the Company before a decision is made regarding the next steps toward a potential listing on the NASDAQ Stock Market.

Q3 FY2021 Financial Highlights:

- Revenue for Q3 FY2021 was $1.9 million (C$2.4 million), compared to $4.8 million (C$6.0 million) in the fiscal third quarter ended June 30, 2020 ("Q3 FY2020"). Management believes that the year-over-year decline was primarily due to a reduced order volume resulting from a transition to the OEM Strategic Supply Agreement, which was signed in December 2020. This agreement brought a new corporate sales team focused on large corporations, and management believes the sales cycle is relatively long for these customers. Continued disruptions to the supply chain caused by the COVID-19-pandemic, as well as component shortages, also impacted the Company.
- Revenue for YTD FY2021 was $7.4 million (C$9.3 million), compared to $7.6 million (C$9.5 million) for the nine months ended June 30, 2020 ("YTD FY2020").
- It appears that the delays discussed above are being mitigated, as the Company received a number of significant purchase orders late in Q3 FY2021 and early in the fiscal fourth quarter, as noted in the business highlights below. The majority of the new orders were generated through the OEM sales channel, but the Company also received a significant new order through its direct sales channel. Orders were received from both new and repeat customers.
- As at June 30, 2021, the Company had $0.9 million (C$1.1 million) of cash and had drawn $2.8 million (C$3.5 million) from its $5.6 million (C$7 million) working capital facility, leaving a further $2.8 million (C$3.5 million) undrawn. The Company also had $2.5 million (C$3.1 million) of accounts receivable and $4.9 million (C$6.1 million) of inventory.
- The Company's financial position improved during YTD FY2021. As at June 30, 2021, current assets increased by 40% compared to the end of the 2020 fiscal year, while current liabilities were reduced by 12% and the equity deficiency was reduced by 61%.

FY2021 Financial Outlook & Impact of COVID-19:

Notwithstanding short-term challenges, management believes its business outlook is strong and intends to build on the progress to date in FY2021. Uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic appears to be diminishing as vaccinations increase, but management is currently unable to predict the future impacts of the pandemic on the Company's operations and financial results. Furthermore, while demand for lithium ion batteries from the materials handling electric vehicle sector is emerging, there is associated uncertainty with the future rate of growth as early adopters start their purchasing decisions. . Management will therefore not be providing a short-term financial outlook at this time.

A revised financial outlook will not be provided unless and until such a time as it is possible to make reasonable estimates of the Company's financial results.

4. SELECTED QUARTERLY FINANCIAL INFORMATION

4.1 **Operating Segments**

The Company has reviewed its operations and determined that it operates in one business segment and has only one reporting unit. The Company develops, manufactures and markets power technology products.

4.2 Quarterly Financial Results

Our Q3 2021 Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the IASB and accounting policies we adopted in accordance with IFRS. The Q3 2021 Interim Financial Statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at June 30, 2021 and the financial performance, comprehensive income and cash flows for the three and nine months ended June 30, 2021.

Quarterly Summary Operating Results

(Expressed in thousands of U.S. dollars)

	Three months ended June 30,			
	2021	**2020**	**Change**	**% change**
Total Revenue	1,918	4,799	(2,881)	-60%
Variable Costs	1,203	3,097	(1,894)	-61%
Gross Margin	715	1,702	(987)	-58%
GM%	37%	35%		
Expenses				
Research & development	1,007	860	147	17%
Government assistance	(354)	(226)	(128)	-
Sales & marketing	332	127	205	161%
General & administrative	942	402	540	134%
Stock based compensation	42	14	28	200%
Finance Cost	364	525	(161)	-31%
Patent & trademark expenses	10	36	(26)	-72%
	2,343	1,738	605	35%
	(1,628)	(36)	(1,592)	4422%
Depreciation	74	92	(18)	-20%
Gain (Loss) from operations	(1,702)	(128)	(1,574)	1230%
Gain on redemption of debentures	-	5,156	(5,156)	-100%
Foreign exchange gain (loss)	(90)	(203)	113	-56%
Net Profit (Loss)	(1,792)	4,825	(6,617)	-137%

	Three months ended June 30,			
Adjusted EBITDA[1]	**2021**	**2020**	**Change**	**% change**
Gain (Loss) from operations	(1,702)	(128)	(1,574)	1230%
Less: Finance Cost	364	525	(161)	-31%
Stock based compensation	42	14	28	200%
Depreciation	74	92	(18)	-20%
Adjusted EBITDA[1]	(1,222)	503	(1,725)	-343%

[1] Non-IFRS Measure: Adjusted EBITDA is defined as gain (loss) from operations, plus finance costs, stock-based compensation costs and depreciation. We believe Adjusted EBITDA is a useful measure in providing investors with information regarding our financial performance and is an accepted measure in our industry. It is not a measure of financial performance under IFRS, and may not be defined and calculated in the same manner by other companies and should not be considered in isolation or as an alternative to Income (loss) from operations.

Revenue

Revenue decreased to $1.9 million (C$2.4 million) for Q3 FY 2021, compared to $4.8 million (C$6.0 million) in Q3 FY2020. The 60% decrease in year-over-year revenue was due to a reduced order volume resulting from a transition to the OEM Strategic Supply Agreement, uncertainty on the part of customers due to concerns over global component shortages and continued disruptions caused by the Covid restrictions.

Revenue was predominately from the sale of batteries and battery systems. Batteries and battery systems accounted for 97% of revenue for Q3 FY 2021 and 80% for Q3 FY2020. Sale of services, research grants and other including Government assistance accounted for the remaining 3% in Q3 FY 2021 and 20% in Q3 FY 2020.

It appears that the delays discussed above have now been resolved as the Company received a number of significant orders late in Q3 2021 and early in Q4 2021. With the majority of the new orders generated through our OEM sales channel but also with a significant new order from our direct sales channel. These orders included both repeat customers and new customers.

For the quarter ended June 30, 2021 revenue attributable to the United States accounted for 99% of total revenue while revenue attributed to Canada accounted for the remaining 1%. For the quarter ended June 30, 2020 revenue attributable to the United States account for 15% and Canada was 85%. This reflects the growing level of interest in our material handling batteries and an increased direct and indirect sales presence in the United States.

For the quarter ended June 30, 2021 one customer represented more than 10% of total revenue (quarter ended June 30, 2020 two customers). Our largest customer accounted for 89% and 66% of total revenue for the quarters ended June 30, 2021 and of 2020 respectively.

Direct Manufacturing Costs (variable costs) and Gross Margin

Direct manufacturing costs are comprised of the material, labour and manufacturing overhead, excluding amortization, associated with the production of batteries and battery packs for Electric Vehicles, stationary grid applications and research and engineering service revenues.

Gross margin was $715 or 37% of revenue for the three months ended June 30, 2021 compared to $1,702 or 35% of revenue for the three months ended June 30, 2020. While the gross margin fell $1,070, due to reduced revenue, the gross margin percentage was slightly higher due to a favourable foreign exchange movement. Our objective is to maintain gross margin in the range of 30%-35%. Our margin varies with a number of factors including the product mix, special customer pricing, material cost, shipping costs and foreign exchange movement.

Expenses

Research and Development ("R&D"). Research and development expenses consist primarily of compensation and premises costs for research and development personnel and activities, including independent contractors and consultants, and direct materials.

Research and development expenses, net of investment tax credits (ITC), increased by $147 during the quarter ended June 30, 2021 to $1,007 from $860 in the same quarter in the prior year. The increase was due to the allocation of more staff and resources to ongoing research in the areas of solid-state cells, electrode production and higher energy density batteries as opposed to being allocated to production activities. The R&D expense will vary period to period as staff are allocated to R&D or production activities.

Government Assistance. The company applied for and received Canada Emergency Rent Subsidy (CERS) and Canada Emergency Wage Subsidy (CEWS) which were created by the Federal

Government to support recovery from economic disruption associated with the COVID-19 outbreak. Company received $354 in the quarter ended June 30, 2021 an increase of $128 for the June 30, 2020 quarter end. The Government Assistance was comprised of $259 (CAD 325K) for CERS and $95 (CAD 118K) for CEWS which was applicable to the quarter ended June 30, 2021.

Sales and Marketing. Sales and marketing expenses are comprised of the salaries and benefits of sales and marketing personnel, marketing activities, advertising and other costs associated with the sales of Electrovaya's product lines.

For the quarters ended June 30, 2021 and 2020, sales and marketing expenses were $332 and $127 respectively. The $205 increase was primarily due to an increase in the number of sales staff, and consulting fees during the quarter ended June 30, 2021. The Company has added direct sales staff in the United States to bolster its direct sales channel and address the lead acid replacement market.

General and Administrative. General and administrative expenses include salaries and benefits for corporate personnel, insurance, professional fees, reserves for bad debts and facilities expenses. The Company's corporate administrative staff includes its executive officers and employees engaged in business development, financial planning and control, legal affairs, human resources and information technology.

For the quarters ended June 30, 2021 and 2020, general and administrative expenses were $942 and $402 respectively, an increase of $540. This increase includes the accrual of $257 (€221K) for the Litarion settlement and increased insurance cost of $94 as a result of price increase in the international insurance market as opposed any change in the Company's specific risk profile.

Stock based compensation. Recognizes the value based on Black-Scholes option pricing model of stock based compensation expensed over the relevant vesting period. Non-cash stock-based compensation expense increased to $42 from $14 for the quarter ended June 30, 2021 compared to the same quarter in 2020.

Financing costs. For the quarters ended June 30, 2021 and 2020, financing costs were $364 and $525 respectively. The $161 decrease was due primarily to the decreased loan balances which fell from a combined balance of $11,315 for the working capital facility, promissory notes and convertible debentures as at June 30, 2020 to a combined value of $7,686 at June 30, 2021, a reduction in the outstanding balances of 32%.

Patent and trademark costs. Patent and trademark expense recognizes the cost of maintaining the Company's patent and trademark portfolio. Patent and trademark expense decreased to $10 from $36 for the prior year quarter ended June 30.

Net Profit/(Loss)

The increase in the net loss to $1,792 for the third quarter of fiscal 2021 from a net profit of $4,825 for the third quarter of fiscal 2020, an increase in the loss of $6,617, was due in a large part to a decrease in the gain on redemption of $5,156 which was recorded in the third quarter of fiscal 2020, a reduction in gross margin of $1,070 due to reduce revenue as explained above, an increase in R&D expenditures of $147 as explained above, an increase of $205 in sales and marketing expenses as explained above and an increase in general and administrative of $540 as explained above which was partially offset by a reduction in finance cost, an increase in government assistance and a reduction in the foreign exchange loss.

Summary Operating Results – Nine Months Ended June 30, 2021
(Expressed in thousands of U.S. dollars)

	Nine months ended June 30,			
	2021	2020	Change	% change
Total Revenue	7,428	7,607	(179)	-2%
Variable Costs	4,968	4,761	207	4%
Gross Margin	2,460	2,846	(386)	-14%
GM%	33%	37%	-4%	
Total Operating Expenses	7,257	6,077	1,180	19%
Amortization	216	190	26	14%
Income (Loss) from Operations	(5,013)	(3,421)	(1,592)	47%
Gain on redemption of debentures	-	5,156	(5,156)	-100%
Foreign exchange gain(loss) & interest income	(489)	73	(562)	-770%
Net income (loss) for the period	(5,502)	1,808	(7,310)	-404%

Revenue decreased to $7.4 million, compared to $7.6 million for the nine months ended June 30, 2021 and 2020 respectively, a decrease of $179 or 2%. While the revenue was similar on a year to date basis revenue in fiscal 2020 was heavily skewed to Q3 2020 while fiscal 2021 had a stronger Q1 and Q2 but a weaker Q3. These shifts are not indicative of a shifting purchasing cycle but more due to anomalies in the flow of purchase orders.

The gross margin percentage fell for 37% to 33%. The reduction is gross margin from YTD FY2020 to YTD FY2021 is due to a number of factors including product mix, special customer pricing, material cost, shipping costs and foreign exchange movement. In the current fiscal year there has been an increase in the price of some components most significantly the cost of steel which impacts the cost of battery enclosures.

Operating expenses increased by $1,180 or 19% due to an increase in expenditures for R&D of $602, sales and marketing of $420 and general and administrative of $562 which were partially offset by Government subsidies received of $338. The Company increased its R&D investment in FY 2021 as it focused on development of its e-bus battery solution as well as developments to meet UL listing requirements. Further areas of R&D focus included cell chemistry, solid state cells, system design, electronic firmware and software. The Company has added direct sales staff and consultants in the United States to bolster its direct sales channel and address the lead acid replacement market. The general and administrative increase and Government subsidies increase occurred in the quarter ended June 30, 2021 as compared to 2020 and are explained above.

Quarterly Summary Financial Position and Cash Flow

Summary Financial Position

(Expressed in thousands of U.S. dollars)

	June 30, 2021	September 30, 2020	Change	% change
Total current assets	11,294	8,067	3,227	40%
Total non-current assets	3,101	2,575	526	20%
Total assets	14,395	10,642	3,753	35%
Total current liabilities	14,427	16,451	(2,024)	-12%
Total non-current liabilities	3,338	2,906	432	15%
Equity (Deficiency)	(3,370)	(8,715)	5,345	-61%
Total liabilities and equity (deficiency)	14,395	10,642	3,753	35%

In the nine month period ended June 30, 2021 current assets increased $3.2 million (an increase of 40%), current liabilities were reduced $2.0 million (a decrease of 12%) and the equity deficiency was reduced $5.3 million (an improvement of 61%).

This change was primarily due to the Company raising proceeds in Q2 2021 of $7.8 million through the private placement of shares and the exercise of warrants and options, and using a portion of the proceeds to reduce the working capital facility by $1.8 million.

Summary Cash Flow

(Expressed in thousands of U.S. dollars)

	Nine months ended June 30,			
	2021	2020	Change	% change
Net income (loss) for the period	(5,502)	1,808	(7,310)	-404%
Less: Amortization	216	190	26	14%
Stock based compensation	133	72	61	85%
Financing costs	575	697	(122)	-18%
Cash provided by (used in) operating activites	(4,578)	2,767	(7,345)	-265%
Net change in working capital	(3,893)	(4,040)	147	-4%
Cash (used in) investing activities	(557)	(39)	(518)	1328%
Cash from financing activites	7,808	946	6,862	725%
Increase in cash	(1,220)	(366)	(854)	233%
Exchange difference	981	436	545	125%
Cash, beginning of period	1,124	333	791	238%
Cash at end of period	885	403	482	120%

The Company ended the period with $885 of cash and had drawn $2.8 million of a maximum available working capital facility of $5.6 million leaving a further $2.8 million available for drawing.

For the nine months ended June 30, 2021 the Company had cash used in operating activities of $4.6 million, which was an increase in cash used of $7.3 million as compared to the nine months ended June 30, 2020 primarily due to the gain on redemption of debentures of $5.2 million recorded in Q3 FY2020.

Quarterly Comparative Summaries

Quarterly revenue from continued operations are as follows:

($ thousands)	**Q1**	**Q2**	**Q3**	**Q4**
2021	$2,583	$2,927	$1,918	-
2020	$861	$1,947	$4,799	$6,918
2019	$1,972	$1,253	$1,162	$504

Quarterly net profits/(losses) from continued operations are as follows:

($ thousands)	**Q1**	**Q2**	**Q3**	**Q4**
2021	$(1,844)	$(1,866)	$(1,792)	-
2020	$(1,909)	$(1,108)	$4,825	$(696)
2019	$2,756	$(1,884)	$(1,226)	$(2,483)

Quarterly net gains (losses) per common share from continued operations are as follows:

	Q1	**Q2**	**Q3**	**Q4**
2021	$(0.01)	$(0.02)	$(0.01)	-
2020	$(0.02)	$(0.01)	$0.05	(0.01)
2019	$0.03	$(0.02)	$(0.01)	$(0.03)

Quarterly Revenue

The Company has not historically experienced seasonality in its business. In recent periods, however, revenue has been relatively low in the fiscal first quarter, which reflects the material handling customers' preference to defer product delivery past the holiday season and into the New Year. This is due to an increasing e-commerce demand and the need to minimize changes or disruptions at high-volume distribution centers. Seasonality has also increased due to the impact of COVID-19 on the general consumer community as a result of a shift from in-person to online shopping, increasing the activity at distribution centres.

The lithium ion forklift battery has a long sales cycle as many customers are large companies, the technology is relatively new to the forklift market, and customers need time to familiarize themselves with and validate the benefits as compared to the incumbent technology of lead acid batteries. In some cases, the process involves receiving a demonstrator battery for testing and trial. This causes a somewhat a long and lumpy sales cycle. As customers become more comfortable with the product and place repeat orders it is managements view that the sales will grow in a more predictable and consistent fashion.

Quarterly net profits (losses)

The quarterly net profits (losses) have been impacted by some large non-recurring items such as the sale of the company's headquarters which resulted in a gain on sale of property, plant and equipment of $4,163 in Q1 2019 and the gain on redemption of debentures of $5,156 in Q3 2020.

5. LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities

As of June 30, 2021, the Company had $885 in cash and cash equivalents compared to $1,124 and $403 as at September 30, 2020 and June 30, 2020 respectively.

Cash used in operating activities for continued operations was $4,578 for the nine months ended June 30, 2021 compared to $2,767 generated during the nine months ended June 30, 2020.

The Company ended the period with $885 million of cash and had drawn $2.8 million of a maximum available working capital facility of $5.6 million leaving a further $2.8 million available for drawing. The Company believes this available liquidity of $3.7 million (Cash $0.9 million plus available line of $2.8 million) along with the collection of $2.5 million of accounts receivable and conversion of $4.9 of inventory into saleable finished goods is adequate working capital to support its operating activities for the next 12 months.

For the nine months ended June 30, 2021 the Company has raised $10.2 million from the issue of equity. Included in this figure is a private placement of shares for total proceeds of $2.4 million. The use of proceeds was for general working capital purposes. In addition to the private placement of shares the Company received proceeds from the exercise of warrants and options totalling $7.6 million and $0.2 million of shares were issued on credit facility extension.

A portion of the proceeds above were used to reduce the working capital facility with a one-time payment of $1.8 million. The remainder of the proceeds have been used for general working capital purposes.

The Company has $4.8 million of Promissory Notes maturing on June 30, 2021 which have been extended to December 31, 2021 as well the interest rate has been reduced from 11% to 10%. As consideration for this amendment the Company the Company paid $60,000 to the financial institution.

The Company's revenue for the nine months was $7.4 million which is similar to $7.6 million for the comparable nine months in the prior year. The company's orders in hand which are currently being delivered and confirmed orders with delivery dates yet to be confirmed provide further working capital to meet our ongoing obligations. These orders are a combination indirect sales channel through our OEM partner and our direct sales channel.

Given the Company's strengthened financial position, available cash and operating facility, extended maturity of promissory notes, good relations with our supportive financial lender, strong relationship with our OEM partner and strong sales pipeline we are confident in our ability to continue operations for at least twelve months.

Management Comment

Management has developed a rolling 12-month cash flow forecast and manages cash and working capital closely. The forecast takes into account reasonable assumptions over both the realization of potential revenue from the sales pipeline and the timing of those revenues. Management believes it has adequate resources or access to those resources in the debt or equity markets to settle its liabilities as they fall due in the normal course of business.

The Company has significantly improved its cash, liquidity and financial position. It is management's objective to work with our suppliers and customers to reduce delivery and collection times from order of material, manufacture of product, shipment to customer and collection of cash. We are focused on effectively using our working capital and managing our cash cycle.

It is managements view that cash, accounts receivable, inventory and credit facility are adequate to meet ongoing current obligations of the Company.

At June 30, 2021, we had the following contractual obligations:

Year of Payment Obligation	**Debt Repayment**
2021	$ 242
2022	8,089
2023	31
2024	61
2025 & beyond	214
Total	$ 8,637

6. OUTSTANDING SHARE DATA

The authorized and issued capital stock of the Company consists of an unlimited authorized number of common shares as follows:

	Common Shares	
	Number	Amount
Balance, September 30, 2020	129,615,284	$86,134
Issuance of shares	3,987,701	3,222
Balance, December 31, 2020	133,602,985	$89,356
Issuance of shares	7,852,860	10,049
Balance, March 31, 2021	141,455,845	$99,405
Issuance of shares	1,565,833	353
Balance, June 30, 2021	143,021,678	$99,758

The following table reflects the quarterly stock option activities for the period from October 01, 2020 to June 30, 2021:

	Number outstanding	Weighted average exercise price
Outstanding, September 30, 2020	10,944,603	$0.46
Cancelled or expired	(423,666)	$1.99
Exercised	(281,998)	$0.33
Outstanding, December 31, 2020	10,238,939	$0.41
Exercised	(491,668)	$0.36
Outstanding, March 31, 2021 & June 30, 2021	9,747,271	$0.41

The following table reflects the outstanding warrant and Broker Compensation Option activities for the period from October 1, 2020 to June 30, 2021:

Details of Share Warrants

	Number Outstanding	Exercise Price
Outstanding, September 30, 2020	17,262,679	
Exercised during the quarter ended December 31, 2020	(242,500)	$0.16
Exercised during the quarter ended December 31, 2020	(3,333,333)	$0.57
Outstanding, December 31, 2020	13,686,846	
Exercised during the quarter ended March 31, 2021	(200,000)	$1.15
Exercised during the quarter ended March 31, 2021	(4,000,000)	$1.15
Exercised during the quarter ended March 31, 2021	(416,666)	$0.16
Issued during the quarter ended March 31, 2021	1,211,113	$1.39
Outstanding, March 31, 2021	10,281,293	
Exercised during the quarter ended June 30, 2021	(1,565,833)	$0.16
Outstanding, June 30, 2021	8,715,460	

Details of Compensation Options to Brokers

	Number Outstanding	Exercise Price
Outstanding, September 30, 2020 & December 31, 2020	322,304	$1.15
Exercised during the quarter ended March 31, 2021	(322,304)	$1.15
Issued during the quarter ended March 31, 2021	145,333	$1.39
Outstanding, March 31, 2021 and June 30, 2021	145,333	

As of June 30, 2021, the Company had 143,021,678 common shares outstanding, 9,747,271 options to purchase common shares outstanding, 145,333 compensation options outstanding and 8,715,460 warrants to purchase common shares outstanding.

7. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the quarter ended June 30, 2021.

8. RELATED PARTY TRANSACTIONS

There is an outstanding payable balance of $18 with Chief Executive Officer and controlling shareholder of Electrovaya Inc. relating to raising of capital on behalf of the Company, as at June 30, 2021 (2020-$18).

In May 2021 Electrovaya entered a month to month Facility Usage Agreement for the use of space and allocated staff of a third party research firm providing access to laboratory facilities, primarily for research associated with its Electrovaya Labs segment. The term of the agreement was for six months and could be terminated by either party upon 90 days notice. The first payment under the agreement for $25,000 was paid for June 2021.

Subsequent to the quarter end the facility was acquired by an investor group controlled by Dr. Sankar Das Gupta, Electrovaya's CEO and controlling shareholder, and which group includes its COO, Rajshekar Das Gupta. The Facility Usage Agreement was not changed on the change of ownership and remains in effect between the Company and the owner, such that the monthly payment of $25,000 is now with a related party of Electrovaya.

9. CRITICAL ACCOUNTING ESTIMATES

The Company's management make judgments in the process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of financial information requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The critical judgments, estimates and assumptions applied in the preparation of Company's financial information are reflected in Note 3 of the Company's September 30, 2020 consolidated financial statements.

10. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Our accounting policies and information on the adoption and impact of new and revised accounting standards the Company was required to adopt effective January 1, 2015 are disclosed in Note 3 of our consolidated financial statements and their related notes for the year ended September 30, 2020.

11. FINANCIAL AND OTHER INSTRUMENTS

We do not have any material obligations under forward foreign exchange contracts, guarantee contracts, retained or contingent interests in transferred assets, outstanding derivative instruments or non-consolidated variable interests.

12. DISCLOSURE CONTROLS

We have established disclosure controls and procedures that are designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under securities legislation is recorded, processed, summarized, and reported within the time periods specified in such rules and forms and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer (who are our Chief Executive Officer and Chief Financial Officer, respectively) as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation and as described below under "Internal Control over Financial Reporting", our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2021.

13. INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

Our management, including our CEO and CFO, believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud might occur and not be detected.

Management assessed the effectiveness of the Company's internal control over financial reporting at June 30, 2021, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission as published in 2013. Based on this evaluation, management believes, at June 30, 2021, the Company's internal control over financial reporting is effective. Also, management determined there were no material weaknesses in the Company's internal control over financial reporting at June 30, 2021.

The effectiveness of the Company's internal control over financial reporting as of September 30, 2020, has been audited by Goodman & Associates LLP, an independent registered public accounting firm, as stated in their report, which is included in the Company's audited consolidated financial statements.

14. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT RISKS AND UNCERTAINTIES

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and develop its products. The capital structure of the Company consists of shareholders' equity and depends on the underlying profitability of the Company's operations.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development, manufacture and marketing of its products. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its short-term debt comprised of the Promissory note, less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, comprised of equity and long-term debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company issues new shares or increases its long-term debt.

Capital for the reporting periods under review is summarized as follows:

		30-Jun-21		30-Sep-20
Total Equity(deficiency)	$	(3,370)	$	(8,715)
Cash and cash equivalents		(885)		(1,124)
Capital		(4,255)		(9,839)
Total Equity(deficiency)		(3,370)		(8,715)
Promissory Note		4,837		4,503
Short-term loan		645		749
Working capital facilities		2,849		4,708
Other Long-term liabilities		3,338		2,906
Overall Financing	$	8,299	$	4,151
Capital to Overall financing Ratio		-0.41		-2.37

Credit risk

Credit risk is the risk that the counter-party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example, by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

		June 30, 2021		September 30, 2020
Cash and cash equivalents	$	885	$	1,124
Trade and other receivables		2,524		2,491
Carrying amount	$	3,409	$	3,615

Cash equivalents are comprised of the following:

		June 30, 2021		September 30, 2020
Cash	$	885	$	1,124
Cash equivalents		-		-
	$	885	$	1,124

The Company's current portfolio consists of certain banker's acceptance and high interest yielding saving accounts deposits. The majority of cash and cash equivalents are held with financial institutions, each of which had at June 30, 2021 a rating of R-1 mid or above.

The Company manages its credit risk by establishing procedures to establish credit limits and approval policies. The balance in trade and other receivables is primarily attributable to trade accounts receivables. In the opinion of management, the credit risk is moderate as some receivables are falling into arrears. Management is taking appropriate action to mitigate this risk by adjusting credit terms.

Liquidity risk

The Company is exposed to liquidity risk from trade and other payables in the amount of $3,175 (2020- $3,859), Promissory Note and short-term loan financing of $5,482 (2020-$4,281), working capital facilities $2,849 (2020-$7034), relief and recovery fund payable of $306 (2020-NIL) and other payables of $183 (2020-$155). Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company manages its liquidity risk by carefully monitoring the cash requirements and balancing them against the cash received from operations and government grants.

Market risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair value of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its products and the future profitability of the Company is related to the market price of its primary competitors for similar products.

Interest rate risk

The Company has floating and fixed interest-bearing debt ranging from prime plus 7% to 24%. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

Foreign currency risk

The Company is exposed to foreign currency risk. The Company's functional currency is the Canadian dollar and a majority of its revenue is derived in US dollars. Purchases are transacted in Canadian dollars, United States dollars and Euro. Management believes the foreign exchange risk derived from any currency conversions may have a material effect on the results of its operations. The financial instruments impacted by a change in exchange rates include our exposures to the above financial assets or liabilities denominated in non-functional currencies. Cash held by the Company in US dollars at June 30, 2021 was $148 (March 31, 2021 - $373).

If the US dollar to Canadian foreign exchange rate changed by 2% this would change the recorded Net gain by $69.

Price risk

The Company is exposed to price risk. Price risk is the risk that the commodity prices that the Company charges are significantly influenced by its competitors and the commodity prices that the Company must charge to meet its competitors may not be sufficient to meet its expenses. The Company reduces the price risk by ensuring that it obtains information regarding the prices set by its competitors to ensure that its prices are appropriate to the unique attributes of our product. In the opinion of management, the price risk is low and is not material.

Disclosure control risks

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, have designed disclosure controls and procedures ("DC&P"), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known, particularly during the period in which interim or annual filings are being prepared, and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Although certain weaknesses have been identified, these items do not constitute a material weakness or a weakness in DC&P that are significant. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. DC&P are reviewed on an ongoing basis.

Internal control risks

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, have designed such internal control over financial reporting ("ICFR"), or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Such design also uses the framework and criteria established in Internal Control over Financial Reporting - Guidance for Smaller Public Companies, issued by The Committee of Sponsoring Organizations of the Treadway Commission. The Company relies on entity-wide controls and programs including written codes of conduct and controls over initiating, recording, processing and reporting significant account balances and classes of transactions. Other controls include centralized processing controls, including a shared services environment and monitoring of operating results.

Based on the evaluation of the design and operating effectiveness of the Company's ICFR, the CEO and CFO concluded that the company's ICFR was effective as at June 30, 2021.

The Company does not believe that it has any material weakness or a weakness in ICFR that are significant. Control deficiencies have been identified within the Company's accounting and finance departments and its financial information systems over segregation of duties and user access respectively. Specifically, certain duties within the accounting and finance departments were not properly segregated due to the small number of individuals employed in these areas. To our knowledge, none of the control deficiencies has resulted in a misstatement to the financial statements. However, these deficiencies may be considered a material weakness resulting in a more-than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.

As the Company incurs future growth, we plan to expand the number of individuals involved in the accounting function. At the present time, the CEO and CFO oversee all material transactions and related accounting records. In addition, the Audit Committee reviews on a quarterly basis the financial statements and key risks of the Company and queries management about significant transactions, there is a quarterly review of the company's condensed interim unaudited financial statements by the Company's auditors and daily oversight by the senior management of the Company.

COVID-19 based risks

The ongoing global COVID-19 pandemic has created a number of risks in Electrovaya's business, not all of which may be quantifiable to or immediately identifiable by the Company. To date, the Company believes the impact of the virus on the Company's operations and workforce has been mitigated as the Company was exempt from government lockdown orders, as manufacturing has generally been deemed an essential service in Ontario and the Company has continued to operate throughout the pandemic.

While the efficiency of the Company's day-to-day operations has not to date been negatively impacted by the need for physical separation and increased sanitation, depending on future outbreaks and their severity, there may be a risk of such negative impacts on efficiency and productivity in the future. Social distancing restrictions to protect the safety of our employees may limit the volume of product the Company is able to manufacture and distribute. In addition, some employees may have been affected in their ability to travel on public transit or otherwise work due to safety fears, or may be subjected to lockdowns or quarantines, particularly if exposed to the virus, even if not infected themselves, which could lead to absenteeism and impacts on productivity. Any on-site exposure to the virus could result in complete shutdowns to operations.

The Company has not experienced significant detrimental effects on productivity or costs due to mitigation strategies, including the implementation of social distancing (including work-from-home policies for those employees who could work from home), personal protective equipment requirements, employee education, and sanitation measures, particularly as knowledge of the risk profile for viral infection has increased throughout 2020 and 2021 and targeted sanitation measures were adjusted accordingly. Through the early phases of the COVID-19 pandemic, the Company's scientists understood, based on information available at the time, that the virus had a high possibility of airborne transmission through respiration of aerosol droplets. Therefore in addition to mandatory masking, social distancing, increased hand washing, and increased surface sanitary precautions, the Company also installed UV-C devices which flooded the workplace air ducts with UV radiation, and installed several portable UV-C devices with HEPA filters in the workplace.

The Company can infer these precautions were effective as the Company did not experience any instances of workplace COVID-19 transmission. However, the Company is located in a designated “hot” zone for COVID-19 in Ontario, Canada, and there is no certainty the effectiveness of these measures will persist during future or variant outbreaks.

The Company’s principal operations consist of manufacturing, engineering and research, and prior to the COVID-19 outbreak, most Company personnel worked from the Company’s premises. After the outbreak, the Company implemented a work-from-home policy where any individual who could work from home, did so. The Company encouraged all its employees to vaccinate as early as possible and supported the vaccination drive by providing employees information on vaccine availability. The Company also gave time off with pay for employees to take vaccinations or COVID-19 tests. However, while the Company has not experienced any substantial COVID-19-related employee turnover or absenteeism to date, there is no certainty that the Company will not experience such negative effects during future or variant outbreaks that may occur.

The virus also disrupted the Company’s global supply chain, as lockdowns in many countries affected some of its suppliers’ ability to produce needed components. These supply constraints and increases in shipping costs may have resulted, and may still result, in increased component costs to the Company. Transport of the Company’s products both domestically and across international borders may be affected by the impact of COVID-19 on workers in the transportation industry, and border closures or other travel restrictions. At the beginning of the outbreak, some of the Company’s component suppliers from Asia, Europe and North America faced difficulties in supplying production components on time, due to material availability and transport restrictions. To mitigate these effects, the Company changed its purchasing patterns to purchase critical components in greater amounts and prior to their need, instituted risk purchasing policies, and sought out and developed multiple alternative sources and suppliers. The Company believes these mitigation strategies have been effective to date, and critical components including microprocessor chips, electrical and electronic components, steel parts and other items have been made available on time to the Company’s production team, however the Company has experienced marginal inflation of production costs. The costs in designing and implementing the COVID-19 mitigation efforts are recognized as general overhead costs and are not segregated in the Company’s financial statements. However, despite what the Company believes is the institution of successful mitigation efforts on supply chain disruption to date, there is no certainty the effectiveness of these supply-chain disruption mitigation measures will persist during future outbreaks or variant outbreaks.

During the pandemic, the Company’s customers and potential customers, especially those from outside Canada, could not visit the Company’s operations, nor could they meet with the Company at trade shows and product exhibitions. It is possible, but not quantifiable, that these restrictions could have led to reduction in revenues during the course of the pandemic from foregone sales.

Costs related to COVID-19 and potential revenue reduction as a result was mitigated through certain government assistance programs, described in the financial statements for the year ended September 30, 2020 and nine months ended June 30, 2021, and corresponding MD&A, incorporated by reference herein.

Electrovaya currently depends on a relatively small number of significant customers for a large percentage of its overall revenue. Its customers include end users of material handling electric vehicles (primarily forklifts) who purchase its battery products through the Company’s direct sales channel, and the customer base has more recently expanded to include forklift manufacturers who distribute Electrovaya’s products to their own customers through the manufacturer’s distribution channels under the manufacturer's brand. COVID-19 has had and may continue to have unanticipated consequences on the Company's business, overall revenue, and the timing for revenue as a result of effects on the Company's customers, as delivery schedules under supply agreements with manufacturers have been subject to a high degree of variability as compared to the parties' negotiated intentions. In particular, global supply chain effects, particularly for semiconductors, a key components of forklifts, has resulted in an inability on the part of the Company's forklift manufacturing customers to obtain necessary components for their manufacturing operations and therefore disrupted their ability to deliver their products to customers, and in turn disrupted expected ordering patterns and volumes of the Company's batteries for sales through the manufacturer's channels. This effect was not foreseeable at the time of negotiating the supply agreement, and Electrovaya depends on communications from its customers to understand external impacts on their ordering patterns, which either may not be apparent to the customer or not shared with the Company. The delay in revenue for deliveries under the supply agreement led the Company to withdraw full-year revenue guidance for its 2021 fiscal year in May 2021. The Company believes this is a normal course learning curve in dealing with a new distribution channel, and is in contact with its customers to optimize purchasing patterns under the supply relationships and understand the pressures its customers face to mitigate these effects and create more predictable revenue patterns.

COVID-19 may also have other general and unquantifiable effects on the Company as global retail sales of goods have been affected by restrictions on store openings, and global shipping of goods has been constrained through capacity issues. Such global impacts on retail sales of goods may have an effect on the Company, as customers have less volume of orders to fulfill and therefore less need to purchase the Company's products. However the Company believes this effect may be offset by higher e-commerce volumes and changing consumer behaviour patterns and an increasing dependence on e-commerce while subject to government-order restrictions on mobility and commercial activity.

Other Risk Factors.

The risks described above are not the only risks and uncertainties that we face. Additional risks the Company faces are described under the heading "Risk Factors" in the Company's AIF for the year ended September 30, 2020.

Other additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. These risk factors could materially affect our future operating results and could cause actual events to differ materially from those described in our forward-looking statements.

Additional information relating to the Company, including our AIF for the year ended September 30, 2020, is available on SEDAR.