

ELECTROVAYA INC.

Condensed Interim Consolidated Statement of Financial Position
(Expressed in thousands of U.S. dollars)
(Unaudited)

As at	December 31, 2020	September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 316	\$ 1,124
Trade and other receivables (note 4)	1,399	2,491
Inventories (note 5)	4,405	2,029
Prepaid expenses and other (note 6)	1,900	2,423
Total current assets	8,020	8,067
Non-current assets		
Property, plant and equipment	2,540	2,500
Long-term deposit	78	75
Total non-current assets	2,618	2,575
Total assets	\$ 10,638	\$ 10,642
Liabilities and Equity		
Current liabilities		
Trade and other payables	\$ 3,807	\$ 3,913
Working capital facilities (note 7)	3,979	4,708
Promissory notes	4,705	4,503
Deferred grant income	1,438	1,376
Deferred revenue	728	704
Short term loans (note 9)	688	749
Other payables	476	395
Lease liability – current portion	115	103
Total current liabilities	15,936	16,451
Non-current liabilities		
Lease liability – non-current portion	2,696	2,609
Relief and recovery fund payable (note 11)	238	-
Other payables	171	156
Lease inducement	147	141
Total non-current liabilities	3,252	2,906
Equity(Deficiency)		
Share capital (note 8)	89,356	86,134
Contributed surplus	4,609	4,561
Warrants (note 8)	5,733	6,760
Accumulated other comprehensive gain	13,189	13,352
Deficit	(121,437)	(119,522)
Total (Deficiency)	(8,550)	(8,715)
Total liabilities and equity(deficiency)	\$ 10,638	\$ 10,642

See accompanying notes to unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements should be read in conjunction with annual audited consolidated financial statements for the year ended September 30, 2020.

ELECTROVAYA INC.

Condensed Interim Consolidated Statement of Operations
(Expressed in thousands of U.S. dollars, except per share amounts)
Three month periods ended December 31, 2020 and 2019
(Unaudited)

	December 31, 2020	December 31, 2019
Revenue (note 3)	\$ 2,583	\$ 861
Direct manufacturing costs (note 5(b))	1,762	541
Gross margin	821	320
Expenses		
Research and development	906	404
Sales and marketing	262	230
General and administrative	539	502
Stock based compensation	44	43
Finance cost (note 7 and 8(a))	516	896
Patents and trademark expenses	11	8
	2,278	2,083
Income (Loss) before the undernoted	(1,457)	(1,763)
Amortization	70	2
Income (Loss) from operations	(1,527)	(1,765)
Foreign exchange gain(loss) and interest income	(317)	(144)
Net income(loss) for the period	(1,844)	(1,909)
Basic income(loss) per share	\$ (0.01)	\$ (0.02)
Diluted income(loss) per share	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding, basic and fully diluted	132,792,227	110,906,465

See accompanying notes to unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2020.

ELECTROVAYA INC.

Condensed Interim Consolidated Statement of Comprehensive Income(Loss)

(Expressed in thousands of U.S. dollars)

Three month periods ended December 31, 2020 and 2019

(Unaudited)

	December 31, 2020	December 31, 2019
Net income(loss) for the period	\$ (1,844)	\$ (1,909)
Currency translation differences	(163)	(205)
Other comprehensive income(loss) for the period	(163)	(205)
Total comprehensive income(loss) for the period	\$ (2,007)	\$ (2,114)

See accompanying notes to unaudited condensed interim consolidated financial statements.

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ELECTROVAYA INC.

Condensed Interim Consolidated Statement of Changes in Equity
 (Expressed in thousands of U.S. dollars)
 Three month periods ended December 31, 2020 and 2019
 (Unaudited)

	Share Capital	Contributed Surplus	Deficit	Warrants	Accumulated other Comprehensive gain	Equity component of 9% Convertible Debentures	Total
Balance – October 01, 2019	\$82,885	\$4,416	\$(120,705)	\$6,013	\$13,055	\$71	\$(14,265)
Stock-based compensation	-	43	-	-	-	-	43
Issue of shares	239	-	-	-	-	-	239
Net loss for the period	-	-	(1,909)	-	-	-	(1,909)
Currency translation differences	-	-	-	-	(205)	-	(205)
Balance–December 31, 2019	\$83,124	\$4,459	\$(122,614)	\$6,013	\$12,850	\$71	\$(16,097)
2020							
Balance – October 01, 2020	\$86,134	\$4,561	\$(119,522)	\$6,760	\$13,352	\$0	\$(8,715)
Stock-based compensation	-	44	-	-	-	-	44
Issue of shares	3,065	-	-	(1,027)	-	-	2,038
Net loss for the period	-	-	(1,844)	-	-	-	(1,844)
Currency translation differences	157	4	(71)	-	(163)	\$0	(73)
Balance–December 31, 2020	\$89,356	\$4,609	\$(121,437)	\$5,733	\$13,189	-	\$(8,550)

See accompanying notes to unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2020.

ELECTROVAYA INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
Three month periods ended December 31, 2020 and 2019
(Unaudited)

	December 31, 2020	December 31, 2019
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	\$(1,844)	\$(1,909)
Items not involving cash:		
Amortization	70	2
Stock based compensation expense	44	43
Financing costs	-	668
Cash provided by (used in) operating activities	(1,730)	(1,196)
Net changes in working capital (note 10)	(700)	(582)
Cash from (used in) operating activities	(2,430)	(1,778)
Investing activities		
Purchase of property, plant and equipment	-	(30)
Cash (used in) investing activities	-	(30)
Financing activities		
Issue of shares	2,129	239
Change in loan payable	(932)	2,480
Change in other payables	-	189
Payment of lease liability (interest portion)	(95)	
Payment of lease liability (principal portion)	(22)	-
Cash from/(used in) financing activities	1,080	2,908
Increase(Decrease) in cash	(1,350)	1,100
Exchange difference	542	(873)
Cash, beginning of period	1,124	333
Cash at end of period	\$ 316	\$ 560
Supplemental cash flow disclosures:		
Income tax paid	\$ -	\$ -
Interest paid	\$ 273	\$ 62

See accompanying notes to unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2020.

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Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in thousands of U.S. dollars, except where otherwise indicated)
Three month periods ended December 31, 2020 and 2019
(Unaudited)

1. Reporting Entity

Electrovaya Inc. (the "Company") is domiciled in Ontario, Canada, and is incorporated under the Business Corporations Act (Ontario). The Company's registered office is at 6688 Kitimat Road, Mississauga, Ontario, L5N 1P8 Canada. The Company's common shares trade on the Toronto Stock Exchange under the symbol EFL and on the OTCQB under the symbol EFLVF. The Company has no immediate or ultimate controlling parent.

These unaudited condensed interim consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the design, development and manufacturing of Lithium Ion batteries, battery systems and battery-related products for energy storage, clean electric transportation and other specialized applications.

2. Basis of Presentation

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared based on the principles of International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's September 30, 2020 audited annual consolidated financial statements and accompanying notes.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors February 9, 2021.

b) Basis of Accounting

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business.

c) Functional and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in U.S. dollars and have been rounded to the nearest thousands, except per share amounts and when otherwise indicated. The functional currencies of the Company is the Canadian dollar and the functional currencies of the Group's subsidiaries include Canadian dollars and US dollars.

d) Use of Judgements and Estimates.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the

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reported amounts of assets and liabilities, revenue and expenses, and related disclosures with respect to contingent assets and liabilities. Management base their judgments, estimates and assumptions on current facts, historical experience and various other factors that they believe are reasonable under the circumstances. The economic environment could also impact certain estimates and discount rates necessary to prepare our consolidated financial statements, including significant estimates and discount rates applicable to the determination of the recoverable amounts used in our impairment testing of our non-financial assets. Management's assessment of these factors forms the basis for their judgments on the carrying values of assets and liabilities, and the accrual of our costs and expenses. Actual results could differ materially from our estimates and assumptions. Management review the estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

e) Seasonality and impact of COVID-19

The Company has not historically experienced seasonality in its business. In recent periods, however, revenue has decreased in the first quarter of the year which reflects the customers' preference to defer our product delivery past the seasonal holidays and into the new year due to an increasing e-commerce demand and need to minimize changes or disruptions at high volume distribution centres. This seasonality has also been increased due to the impact of the COVID-19 on the general consumer community.

f) Significant Accounting Policies

The accounting policies in these condensed interim consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended September 30, 2020.

3. Standards issued but not yet effective

At the date of authorization of these condensed interim consolidated financial statements certain new standards, amendments and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted by the Company.

Management anticipates that the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. The new standards and interpretations that have been issued are not expected to have a material impact of the Company's consolidated financial statements.

4. Trade and Other Receivables

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	December 31, 2020	September 30, 2020
Trade receivables, gross	\$ 910	\$ 2,297
Allowance for credit losses	-	-
Trade receivables	910	2,297
Other receivables	489	194
Trade and other receivables	\$1,399	\$2,491

As at December 31, 2020, 0.03% of the Company's accounts receivable is over 90 days past due (September 30, 2020 - 1.58%)

All of the Company's trade and other receivables have been reviewed for indicators of impairment.

The movement in the allowance for credit losses can be reconciled as follows:

	December 31, 2020	September 30, 2020
Beginning balance	\$ -	\$ -
Impairment loss	-	64
Allowance provided (reversed)	-	(64)
Exchange translation	-	-
Ending balance	\$ -	\$ -

5. Inventories

(a) Total inventories on hand as at December 31, 2020 and September 30, 2020 are as follows:

	December 31, 2020	September 30, 2020
Raw materials	\$ 1,813	\$ 1,270
Semi finished	1,890	703
Finished goods	702	56
	\$ 4,405	\$ 2,029

(b) At the quarters ended December 31, 2020 and 2019, the following inventory revaluations and obsolescence provisions were included in direct manufacturing costs:

	Dec 31, 2020	Dec 31, 2019
Provision(recovery) for obsolescence	\$ -	\$ -

6. Prepaid expenses and other

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As of December 31, 2020 and September 30, 2020 the prepaid balance are as follows:

	December 31,		September 30,	
	2020		2020	
Prepaid expenses	\$	1,243	\$	2,423
Other		657		-
	\$	1,900	\$	2,423

Prepaid expenses are comprised of vendor deposits on inventory orders for the future requisition of inventories.

7. Working Capital Facilities

Revolving Credit Facility

As at September 30, 2020 the balance owing under the facility is \$4.7 million (Cdn \$6.3 million).

The interest on the revolving credit facility is the greater of a) 8.05% per annum above the Prime Rate or b) 12% per annum. Interest is payable monthly.

Working Capital Facilities	December 31, September 30,	
	2020	2020
Revolving credit facility	\$ 3,979	\$ 4,708
	\$ 3,979	\$ 4,708

In December 2020 the credit agreement was amended for the third time. The amendment provided an extension of an ability to draw above the borrowing base which had been set to expire on December 31, 2020 and now expires March 31, 2021. In exchange for the additional borrowing capacity availability the company issued 129,870 shares at CDN \$1.54 as compensation.

8. Share Capital

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a) Authorized and issued capital stock

Authorized

Unlimited common shares

Issued

	Common Shares	
	Number	Amount
Balance, September 30, 2020	129,615,284	\$86,134
Issuance of shares(i)	3,333,333	1,844
Issuance of shares (note 7)	129,870	157
Issuance of shares (note 8(b))	281,998	91
Issuance of shares (note 8(c))	242,500	37
Transfer from contributed surplus	-	1,093
Balance, December 31, 2020	133,602,985	\$89,356

- (i) The Company issued 3,333,333 share purchase warrants to an existing shareholder related to issuance of shares under a private placement basis on December 22, 2017. The expiry date of these warrants was December 21, 2022. The warrants vested immediately and the exercise price was Cdn \$0.73. The original fair value of the share purchase warrants is \$1,053. In October, 2020 the shareholder exercised 2,000,000 share purchase warrants for proceeds to the Company of Cdn \$1,460,000. In November 2020 the shareholder exercised the remaining 1,333,333 share purchase warrants for proceeds to the Company of Cdn \$973,333. The 3,333,333 share purchase warrants have now been fully exercised.

b) Stock Options

	Number outstanding	Weighted average exercise price
Outstanding, September 30, 2020	10,944,603	\$0.46
Cancelled or expired	(423,666)	\$1.99
Exercised (note 8(a))	(281,998)	\$0.33
Outstanding, December 31, 2020	10,238,939	\$0.41

Options exercisable

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Exercise price	Number Outstanding	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price
\$0.64 (Cdn \$0.81)	89,998	0.96	89,998	\$0.64
\$0.25 (Cdn \$0.32)	59,000	1.95	59,000	\$0.25
\$0.56 (Cdn \$0.71)	32,000	2.15	32,000	\$0.56
\$0.56 (Cdn \$0.72)	1,312,000	3.14	1,312,000	\$0.56
\$0.82 (Cdn \$1.04)	15,000	3.18	15,000	\$0.82
\$0.80 (Cdn \$1.02)	41,000	3.39	41,000	\$0.80
\$0.51 (Cdn \$0.65)	279,171	4.14	279,171	\$0.51
\$0.71 (Cdn \$0.91)	60,000	4.39	60,000	\$0.71
\$0.54 (Cdn \$0.69)	239,500	5.00	239,500	\$0.54
\$0.62 (Cdn \$0.79)	83,000	5.12	83,000	\$0.62
\$1.67 (Cdn \$2.13)	505,600	6.00	505,600	\$1.67
\$0.96 (Cdn \$1.22)	53,334	6.59	53,334	\$0.96
\$0.22 (Cdn \$0.28)	755,002	7.15	496,662	\$0.22
\$0.24 (Cdn \$0.30)	5,276,334	8.59	5,276,334	\$0.24
\$0.52 (Cdn \$0.66)	1,438,000	9.70	138,000	\$0.52
	10,238,939	7.38	8,680,599	\$0.41

Stock based compensation expense related to the portion of the outstanding stock options that vested during the quarter ended December 31, 2020 was \$44 (December 31, 2020-\$43).

As at December 31, 2020, the Company had outstanding 10,238,939 options (10,944,603 as at September 30, 2020) to acquire common shares under the Company's employee stock option plan.

c) Warrants

Details of Share Warrants

	Number Outstanding	Exercise Price
Outstanding, September 30, 2020	17,262,679	
Exercised during the quarter ended December 31, 2020 (note 8(a))	(242,500)	\$0.16
Exercised during the quarter ended December 31, 2020 (note 8(a))	(3,333,333)	\$0.57
Outstanding, December 31, 2020	13,686,846	

Details of Compensation Options to Brokers

	Number Outstanding	Exercise Price
Outstanding, September 30, 2020 & December 31, 2020	322,304	\$1.14

9. Related Party Transactions

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Transactions with Chief Executive Officer and controlling shareholder of Electrovaya Inc.

There is an outstanding payable balance of \$18 relating to raising of capital on behalf of the Company, as at December 31, 2020 (2019-\$18).

During the quarter ended December 31, 2020, the Company paid \$37 (2019 - \$31) to a director of Electrovaya Corp for services rendered in his capacity as an executive officer of Electrovaya Inc. These amounts, which are recorded at their exchange amount, have been expensed in General and Administrative.

During the quarter ended December 31, 2020, the Company paid \$52 (2019 - \$43) to the Chief Executive Officer, who is also a controlling shareholder of the Company. These amounts, which are recorded at their exchange amount, have been expensed in General and Administrative.

The CEO and controlling shareholder personally guaranteed the following short-term loans.

	December 31, 2020		September 30, 2020	
	CDN	USD	USD	
Shareholder guaranteed loan (Dec. 2017)	\$ 500	\$ 392	\$ 375	
Shareholder loan (Sept.2017 & March 2019)	78	61	148	
Shareholder guaranteed loan (June 2019)	300	235	226	
	\$ 878	\$ 688	\$ 749	

In October 2020, a further amendment of the promissory note was secured by Dr.Das Gupta personally guaranteeing by pledging an additional 5,300,000 common shares.

10. Change in Non-Cash Operating Working Capital

	December 31,	
	2020	2019
Trade and other receivables	\$ 1,092	\$ (341)
Inventories	(2,376)	(204)
Prepaid expenses and other	523	(371)
Trade and other payables	(106)	255
Other payable	81	43
Deferred grant income	62	27
Deferred revenue	24	9
	\$ (700)	\$ (582)

11. Relief and Recovery Fund Payable

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The Relief and recovery fund is created by the Ministry to support the Company to recover from economic disruption associated with the COVID-19 outbreak. An amount of \$238 (CAD 304K) was received during the quarter ended December 31, 2020. The funding bears no interest and the Company is required to repay in equal monthly payments for 5 years starting from April 1, 2023.

12. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, promissory notes, convertible debentures and other payables.

Fair Value

IFRS 13 "Fair Value Measurement" provides guidance about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.
- Level 2 – Inputs, other than Level 1 inputs that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the carrying and approximate fair values of the Company's financial instruments:

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	As at December 31, 2020				As at September 30, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Cash and cash equivalents	\$316	-	-	\$316	\$1,124	-	-	\$1,124
Trade and other receivables	1,399	-	-	1,399	2,491	-	-	2,491
Financial liabilities:								
Working capital facilities	3,979	-	-	3,979	4,708	-	-	4,708
Trade and other payables	3,807	-	-	3,807	3,913	-	-	3,913
Short term loans	-	688	-	688	-	749	-	749
Other payables	476	-	-	476	395	-	-	395
Promissory notes	-	4,705	-	4,705	-	4,503	-	4,503
Non-current liabilities	-	2,696	-	2,696	-	2,609	-	2,609

There were no transfer between levels of the fair value hierarchy during the period presented.

Risk Management

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. There have been no changes in risk exposure since the prior year unless otherwise noted.

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 Group's capital management objectives are:

- to ensure the Group'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 Group monitors capital on the basis of the carrying amount of equity plus its short-term debt comprised of the promissory notes, less cash and cash equivalents as presented on the face of the statement of financial position.

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The Group sets the amount of capital in proportion to its overall financing structure, comprised of equity and long term debt. The Group 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 Group issues new shares or increases its long-term debt.

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

	31-Dec-20	30-Sep-20
Total (Deficiency)	\$ (8,550)	\$ (8,715)
Cash and cash equivalents	(316)	(1,124)
(Deficiency)	(8,866)	(9,839)
Total (Deficiency)	(8,550)	(8,715)
Promissory Notes	4,705	4,503
Short term loans	688	749
Working capital facilities	3,979	4,708
Non-current liabilities	3,252	2,906
Overall Financing	\$ 4,074	\$ 4,151
Capital to Overall financing Ratio	2.18	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 due to its cash and cash equivalents, trade and other receivables.

Cash is held with financial institutions, each of which had at December 31, 2020 a rating of R-1 mid or above.

The Company manages its credit risk related to trade and other receivables 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 and no credit losses are expected. Management is taking appropriate action to mitigate this risk by adjusting credit terms.

Liquidity risk

Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other current liabilities and provisions are due within 90 days. We manage liquidity risk by maintaining a portfolio of liquid funds and having access to a revolving credit facility. We believe that cash flow from operating activities, together with cash on hand, cash from our A/R, and borrowings available under the Revolver are sufficient to fund our currently anticipated financial obligations, and will remain available in the current environment.

Market risk

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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 variable interest debt as described in Note 7. Changes in interest rates will affect future interest expense and cash flows. The Company does not enter into derivative instruments to reduce this exposure.

Foreign currency risk

The Company is exposed to foreign currency risk. The Company's functional currency is the Canadian dollar and the financial statements are presented in United States dollars. Changes in the relative values of these currencies will give rise to changes in other comprehensive income.

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 December 31, 2020 was \$107 (September 30, 2020 - \$55).

If the US dollar to Canadian foreign exchange rate changed by 2% this would change the recorded Net gain by \$33.

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.

13. Contingencies

The contingencies in these condensed interim consolidated financial statements are the same as those disclosed in the Company's consolidated financial statements as at and for the year ended September 30, 2020.

14. Segment and Customer Reporting

ELECTROVAYA INC.

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in thousands of U.S. dollars, except where otherwise indicated)
Three month periods ended December 31, 2020 and 2019
(Unaudited)

The Company develops, manufactures and markets power technology products.

Given the size and nature of the products produced, the Company's operations are segmented based on large format batteries, with the remaining smaller product line categorized as "Other".

There has been no change in either the determination of our segments, or how segment performance is measured, from that described in the Company's consolidated financial statements as at and for the year ended September 30, 2020.

Segment profits are assessed based on revenues, which for the quarters ended December 31, 2020 and 2019 were as follows:

	2020		2019	
Large format batteries	\$	2,491	\$	861
Other		92		-
	\$	2,583	\$	861

Revenues based can be analyzed as follows based on the nature of the underlying deliverables:

	2020		2019	
Revenue with customers				
Sale of batteries and battery systems	\$	2,491	\$	849
Sale of services		39		7
Others		53		5
	\$	2,583	\$	861

Sales of batteries and battery systems and research grants are recognized at a point in time once the conditions for recognition are met. Service revenue is recognized over time as the service is rendered.

Revenues attributed to regions based on the location of the customer were as follows:

	2020		2019	
Canada	\$	426	\$	-
United States		2,157		672
Other		-		189
	\$	2,583	\$	861

Customers:

For the quarter ended December 31, 2020 two customers represented more than 10% of total revenue (quarter ended December 31, 2019 three customers). Our largest customer accounted for 78% and 63% of total revenue for the quarters ended December 31, 2020 and of 2019 respectively.

15. Subsequent Events

- a) Private Placement

ELECTROVAYA INC.

Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in thousands of U.S. dollars, except where otherwise indicated)
Three month periods ended December 31, 2020 and 2019
(Unaudited)

On January 11, 2021 the Company closed a private placement of 2,422,222 units at a price of CDN \$1.35 for gross proceeds of CDN \$3.27 million. Each unit was comprised of 1 common share and one-half warrant. Each Warrant entitled the holder thereof to acquire one Common Share at a price of CDN \$1.75 for a period of twenty four (24) months from the closing of the Offering.

b) Warrant and Compensation Option Exercises

In January 2021, 3 million warrants and 322,304 Compensation options at an exercise price of CDN \$1.45 were exercised for total proceeds of CDN \$4.82 million.

c) Voluntary Payment on Revolving Credit Facility

In February 2021, the Company made a voluntary payment to reduce the outstanding balance of the revolving credit facility by making a payment of approximately CDN \$2.3 million which was applied to principal reduction.