



News for Immediate Release

Electrovaya Reports Q1 FY2021 Financial Results

Quarterly revenue triples year-over-year

Toronto, Ontario – February 10, 2021 – Electrovaya Inc. (“Electrovaya” or the “Company”) (TSX: EFL; OTCQB: EFLVF), a lithium ion battery manufacturer with industry-leading performance and substantial intellectual property, today reported its financial results for the fiscal first quarter ended December 31, 2020 (“Q1 FY2021”). All dollar amounts are in U.S. dollars unless otherwise noted.

Q1 FY2021 Financial Highlights:

- Revenue increased to \$2.6 million (C\$3.3 million), compared to \$0.9 million (C\$1.1 million) in the fiscal first quarter ended December 31, 2019 (“Q1 FY2020”). The year-over-year revenue growth reflects growing customer demand.
- EBITDA¹ was negative \$0.8 million (C\$1.0 million), compared to negative \$0.9 million (C\$1.1 million) in Q1 FY2020. Q1 FY2021 EBITDA¹ included a \$0.5 million (C\$0.6 million) increase in R&D expenditures as the Company added more staff along with an increased focus on areas of cell chemistry, solid state cells, system design, electronic firmware and software.
- Subsequent to quarter end the Company raised \$6.4 million (C\$8.1 million) through a private placement of common shares and the exercise of warrants and compensation options. A portion of the gross proceeds was used to reduce the outstanding revolving facility by \$1.8 million (C\$2.3 million), significantly strengthening the balance sheet.

Electrovaya has not historically experienced seasonality in its business. In recent periods, however, revenue has been relatively low in the fiscal first quarter, which reflects 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 transition from the Raymond Sales Agreement to the Raymond Strategic Supply Agreement also caused some operational delay in shipments, as the new sales support systems was not fully in place until January 2021. This delay in shipment is reflected by the increase in inventory of \$2.4 million (C\$3.0 million), some of it being finished goods, and decrease in accounts receivable of \$1.1 million (C\$1.4 million) at December 31, 2020 as compared the September 30, 2020 balances.

In January 2021, the Company announced that it completed a private placement for gross proceeds of \$2.6 million (C\$3.3 million). Also in January 2021, warrants and compensation options were exercised for total proceeds of \$3.8 million (C\$4.8 million). The total gross proceeds raised from these transactions were \$6.4 million (C\$8.1 million), of which \$1.8

million (C\$2.3 million) was used to make a voluntary payment to reduce the outstanding balance of the revolving credit facility with the remaining \$4.6 million (C\$5.8 million) to be used for general corporate purposes.

Q1 FY2021 Business Highlights:

- The Company is preparing its application for listing at a major U.S. stock exchange and, as part of the process, is asking shareholders at the AGM to vote in favor of a resolution to allow a consolidation of its Common shares.
- The Company's UL2580 listing has been received across more than 25 different battery models, an important safety milestone
- First product deliveries completed to a major U.S. big box retailer in January under the Raymond Strategic Supply Agreement
- Increased investment in R&D and strengthening of the Company's patent position.
- Investment in process, production and scale-up equipment electrode and cell-making to facilitate expanded work on its proprietary and patented unique non-NMP electrode production process and work on ancillary areas.

The Company is planning to have its Annual and Special Meeting of Shareholders (the "Meeting") on February 17, 2021 at 4:00 p.m. Eastern Time. Because of Covid restrictions, the AGM will be held virtually.

The Company is asking for shareholder authorization at the Meeting, for a capability to consolidate its Common Shares, if and as needed. The Company's Board of Directors is interested in a listing on a major United States stock exchange, which could expand Electroveya's shareholder base, increase financing opportunities, and increase liquidity of the Common Shares. A potential consolidation, if needed, enables the Company to meet the minimum share price requirements for listing on a major U.S. exchange. The Company has not yet made any application for listing and there is no certainty or any assurance whatsoever that such an application will be made and no assurance that any such major U.S. stock listing will occur. For more detail on this proposal, please view the Management Information Circular filed on SEDAR.

In November 2020, Electroveya announced that it received UL2580 ("Underwriters Laboratories" or "UL") listing across its line of 24V and 36V forklift batteries. The safety certification covers more than 25 different models and is a key milestone for the Company. This UL listing demonstrates the Company's continued commitment to safety and quality and also increases its sales reach as this UL listing provides a significant competitive advantage. The Company's R&D and Engineering teams were responsible for achieving this UL listing, which also leverages some of the key safety technologies that Electroveya owns, including critical cell and systems IP.

In December 2020, the Company announced that it completed a Strategic Supply Agreement for the supply of battery systems for Raymond's Energy Essentials Battery line. The agreement provides Raymond with exclusively distributed, Raymond-branded lithium ion batteries that are UL 2580 listed and compatible with most class I, II and III Raymond

lift trucks. The battery systems utilize the latest Electrovaya NMC Ceramic lithium-ion battery technologies and provide a full integration with Raymond vehicles. The batteries are featured prominently on Raymond's website, and Electrovaya made its first delivery under the agreement to a major U.S. big box retailer in January.

The Company doubled its R&D expenditures in Q1 FY2021 when compared to Q1 FY2020. The Company added more staff with the focus on areas of cell chemistry, solid state cells, system design, electronic firmware and software.

The Company is planning to increase its patent position in solid-state lithium ion batteries, fast charging and other areas. The emphasis on patents is being enhanced with a new patent agent with a strong background in lithium ion batteries.

The Company continues to explore exciting new developments, including cell manufacturing in North America utilizing its unique non-NMP manufacturing process, and further developing new product lines including new batteries for the e-bus market.

In January, the Company purchased a large amount of cell assembly equipment from an erstwhile lithium ion battery facility in Michigan. These capital expenditures will assist in the expansion of production and localization of key components.

Positive Financial Outlook:

- Additional sales personnel added to our direct sales team and growing momentum through OEM sales network.
- UL2580 listing provides safety validation and unique competitive advantage.
- Well positioned with working capital for growth from recent equity issues and strengthened balance sheet.
- Company reiterates previously issued guidance.

Electrovaya is experiencing strong and growing customer demand for its battery products through both of its key sales channels: direct sales to end customers and OEM distribution.

The Company has added direct sales staff in the United States to bolster its direct sales channel and address the lead acid replacement market. The Company also anticipates growing demand from its OEM sales channel especially with the recent Raymond Strategic Supply Agreement. Raymond Corp is now extensively marketing and promoting Raymond's lithium ion batteries through the firm's sales network.

The Company continues to have a positive outlook for 2021. Although the year has started with some sales delays as described above, management anticipates meeting its previously released guidance. See "Forward-Looking Statements".

Impact of COVID-19 Pandemic:

Electrovaya is an essential business and has operated without major interruption during the COVID-19 pandemic to date. The Company's customers include large global firms in industries such as grocery, logistics and e-commerce that are continuing to provide critical services during this difficult period. The crisis has highlighted Electrovaya's important role in helping its customers execute mission-critical applications under highly challenging conditions. COVID-19

did disturb the Company's supply chain from many of its global vendors, with resultant delays in delivery of the Company's products to its customers and associated cost increases.

Electrovaya considers the health and safety of its employees and other stakeholders to be of the highest priority. To mitigate any potential spread of COVID-19, the Company has implemented a number of common-sense initiatives at its headquarters, including increased sanitization of frequently touched surfaces, use of masks, portable air purifiers and social distancing; the Company's air handling systems are continuously flooded with ultra violet disinfecting lamps.

Quarterly Financial Summary

(Expressed in thousands of U.S. dollars)

		Three months ended December 31,		
				%
		2020	2019	change
Total Revenue		2,583	861	200%
Variable Costs		1,762	541	226%
Gross Margin		821	320	157%
	GM%	32%	37%	
Expenses				
Research & development		906	404	124%
Sales & marketing		262	230	14%
General & administrative		539	502	7%
Stock based compensation		44	43	2%
Finance Cost		516	896	-42%
Patent & trademark expenses		11	8	38%
		2,278	2,083	9%
		(1,457)	(1,763)	-17%
Depreciation		70	2	3400%
Gain (Loss) from operations		(1,527)	(1,765)	-13%
Foreign exchange gain (loss)		(317)	(144)	120%
Net Profit (Loss)		(1,844)	(1,909)	-3%

Key performance indicators

In addition to operating results and financial information described above, management reviews the following measures (which are not measures defined under IFRS):

(Expressed in thousands of U.S. dollars)

	Three months ended December 31,		
	2020	2019	% change
EBITDA ¹			
Gain (Loss) from operations	(1,527)	(1,765)	-13%
Less: Finance Cost	516	896	-42%
Stock based compensation	44	43	2%
Depreciation	70	2	3400%
EBITDA ¹	(897)	(824)	9%
EBITDA ¹ %	-35%	-96%	

¹ Non-IFRS Measure: EBITDA is defined as gain (loss) from operations, plus finance costs, plus stock-based compensation costs and depreciation. Management believes EBITDA is a useful measure in providing investors with information regarding 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.

The Company's complete Financial Statements and Management Discussion and Analysis for the first quarter ended December 31, 2020 are available at www.sedar.com or on the Company's website at www.electrovaya.com.

Conference Call Details:

The Company will hold a conference call on Thursday, February 11, 2021 at 8:00 a.m. Eastern Time (ET) to discuss the December 31, 2020 quarter end financial results and to provide a business update.

US and Canada toll free: (877) 407-8291
International: + 1(201) 689-8345

Webcast

Link: <https://78449.themediaframe.com/dataconf/productusers/eflvf/mediaframe/43618/index1.html>

To help ensure that the conference begins in a timely manner, please dial in 10 minutes prior to the start of the call.

For those unable to participate in the conference call, a replay will be available for two weeks beginning on February 11, 2021 through February 25, 2021. To access the replay, the U.S. dial-in number is (877) 660-6853 and the non-U.S. dial-in number is +1 (201) 612-7415. The replay conference ID is 13716417#.

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About Electrovaya Inc.

Electrovaya Inc. (TSX:EFL) (OTCQB:EFLVF) designs, develops and manufactures proprietary Lithium Ion batteries, battery systems, and battery-related products for energy storage, clean electric transportation and other specialized applications. Electrovaya is a technology focused company with extensive IP. Headquartered in Ontario, Canada, Electrovaya has production facilities in Canada with customers around the globe.

To learn more about how Electrovaya is powering mobility and energy storage, please explore www.electrovaya.com.

Forward-Looking Statements

This press release contains forward-looking statements, including statements that relate to, among other things, revenue forecasts and in particular the revenue forecasts for the fiscal year ending September 2021, anticipated further sequential revenue growth in fiscal 2021, the ability to satisfy the Company's order backlog, and mitigate operational delays to meet current revenue guidance, the Company's ability to satisfy its ongoing debt obligations, anticipated increased collaboration with OEMs and OEM channels constituting a source of sales growth for the Company, anticipated continued increase in sales momentum in fiscal 2021 through OEMs and directly to large global companies, including Fortune 500 companies, the future direction of the Company's business and products, including E-bus applications and additional intellectual property protection, the effect of the ongoing global COVID-19 public health emergency on the Company's operations, its employees and other stake holders, including on customer demand, supply chain, and delivery schedule, the Company's ability to source supply to satisfy demand for its products and satisfy current order volume, technology development progress, the Company's preparation for a capability to having a share consolidation authorization in preparation for a major US stock exchange listing, the Company's ability to apply for a major US stock exchange listing, the Company's ability to list in a major US stock exchange, Company's pre-launch plans, plans for product development, plans for shipment using the Company's technology, production plans, the Company's markets, objectives, goals, strategies, intentions, beliefs, expectations and estimates, and 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 negative thereof) and words and expressions of similar import. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve 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. Important factors that could cause actual results to differ materially from expectations include but are not limited to: that current customers will continue to make and increase orders for the Company's products, and in accordance with communicated intentions, that the Company's alternate supply chain will be adequate to replace material supply and manufacturing, that the Company's interpretation of the effect of any comfort given to Litarion's auditors of the Company's financial support for Litarion's operations is correct, and that Litarion's insolvency process will proceed in an orderly fashion that will satisfy Litarion's debt without a

significant negative effect on the Company or its assets, 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, general business and economic conditions (including but not limited to currency rates and creditworthiness of customers), Company liquidity and capital resources, including the availability of additional capital resources to fund its activities, level of competition, changes in laws and regulations, legal and regulatory proceedings, the ability to adapt products and services to the changing market, the ability to attract and retain key executives, the granting of additional intellectual property protection, and the ability to execute strategic plans. Additional information about material factors 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 in the Company's Annual Information Form for the year ended September 30, 2020 under "Risk Factors", and in the Company's most recent annual Management's Discussion and Analysis under "Qualitative And Quantitative Disclosures about Risk and Uncertainties" as well as 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 in this document, whether as a result of new information, future events or otherwise, except as required by law.

Revenue forecasts herein constitute future-oriented financial information and financial outlooks (collectively, "**FOFI**"), and generally, are, without limitation, based on the assumptions and subject to the risks set out above under "Forward-Looking Statements". Although management believes such assumption to be reasonable, a number of such assumptions are beyond the Company's control and there can be no assurance that the assumptions made in preparing the FOFI will prove accurate. FOFI is provided for the purpose of providing information about management's current expectations and plans relating to the Company's future performance, and may not be appropriate for other purposes.

The FOFI does not purport to present the Company's financial condition in accordance with IFRS, and it is expected that there may be differences between actual and forecasted results, and the differences may be material. The inclusion of the FOFI in this news release disclosure should not be regarded as an indication that the Company considers the FOFI to be a reliable prediction of future events, and the FOFI should not be relied upon as such.