



*News for Immediate Release*

## **Electrovaya Announces Structured Insolvency Proceedings at Litarion GmbH**

*Toronto, Ontario* – January 25, 2018 – Electrovaya Inc. (“Electrovaya” or the “Company”) (TSX: EFL; OTCQX: EFLVF) today announces that its wholly-owned German subsidiary, Litarion GmbH (“Litarion”), has commenced a voluntary structured insolvency process that is expected to result in the appointment of a provisional receiver/liquidator of Litarion and its property by the German court.

As reported in the Company’s Management’s Discussion & Analysis for the year ended September 30, 2017, Li-Tec Battery GmbH, the owner of the premises occupied by Litarion, notified the Company that it would terminate Litarion’s lease as at January 31, 2018 unless certain conditions were met. While the Company intended to maintain the lease, Litarion’s cash flow was materially negatively impacted by the demands and garnishment processes initiated against it by the landlord.

With support from Electrovaya, Litarion attempted to resolve the dispute with its landlord but negotiations ultimately proved unsuccessful, and it was determined that the only viable alternative was to have the managing directors of Litarion voluntarily place it into preliminary insolvency proceedings. The Company expects to record a non-cash charge in the second quarter of fiscal 2018. It is expected the German court will shortly assign a preliminary insolvency manager to manage the transition of Litarion’s operations and work to maximize value for Litarion’s creditors and shareholders.

While current circumstances on the ground in Germany dictated Litarion enter into this process, Electrovaya believes that it ultimately no longer needs its own contract manufacturing facilities and, given alternate supply arrangements is in place, the Company expects that the proceedings will not impact the Company’s ability to continue to fulfil current and future customer orders for its customized cells, custom modules and battery systems.

As previously disclosed, large battery orders from Litarion’s OEM partners and other customers have taken longer than expected to materialize. As a result, the cost of maintaining Litarion’s substantial infrastructure negatively affected Electrovaya’s financial results and

liquidity position. The Litarion insolvency process is expected to substantially reduce the Company's overhead expenses.

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**About Electrovaya Inc.**

Electrovaya Inc. (TSX:EFL) (OTCQX:EFLVF) designs, develops and manufactures proprietary Lithium Ion Super Polymer® 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](http://www.electrovaya.com),*

***Forward-Looking Statements***

*This press release contains forward-looking statements, including statements that relate to, among other things, the Company's need for commoditized contract manufacturing facilities in its product development process, the effect of Litarion's insolvency filing on the Company's financial position and performance, the future direction of the Company's business and products, the effect of a structured sale of Litarion, including on the Company's overhead and operations, the Company's ability to source supply to satisfy demand for its products and satisfy current order volume, expected future charges from any insolvency of Litarion and the timing thereof, expectations with respect to German court actions with respect to any insolvency process of Litarion, and other information 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*

*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. Material assumptions used to develop forward-looking information in this news release include 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, and that the 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. Important factors that could cause actual results to differ materially from expectations include but are not limited to: actions taken by creditors and remedies granted by German courts in the insolvency proceedings and their effect on the Company's business and assets, general business and economic conditions (including but not limited to currency rates and creditworthiness of customers), negative reactions of the Company's existing customers to the insolvency filing, Company liquidity and capital resources, including the availability of additional capital resources to fund its activities, the level of competition for the Company's products, changes in laws and regulations, legal and regulatory proceedings, the ability to adapt products and services to changes in the market, the ability to attract and retain key executives and employees, 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 most recent annual information form under the heading "Risk Factors", and in the Company's annual and interim Management's Discussion and Analysis under "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.*