



*News for Immediate Release*

## **ELECTROVAYA ANNOUNCES FOURTH QUARTER AND 2001 YEAR END RESULTS**

*Fiscal 2001 revenue up more than 500% from the previous year*

**Toronto, Ontario** – December 3, 2001 – Electrofuel Inc. (TSE:EFL), producer of the unique PowerPad line of Lithium-ion SuperPolymer™ batteries, which provide true mobility for a portable computer operating up to 16 hours, announced today financial results for the fourth quarter and fiscal year ended September 30, 2001. All dollar amounts are in thousands of US dollars unless otherwise indicated.

### **Operating Highlights**

- Completed construction of manufacturing plant on time and under budget
- Expanded production capacity
- Fiscal 2001 revenue up more than 500% from fiscal 2000
- Formalized two distribution agreements with the largest North American computer catalogue house and a major master distributor, along with a number of value added resellers
- Changed commercial name to Electrovaya and stepped up sales and marketing

### **Summary of Financial Results**

<b>In thousands of US\$ except per share amounts</b>	<b>3 months ended September 30</b>		<b>Year ended September 30</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
Revenue	\$382	\$141	\$1,017	\$152
Expenses	3,464	823	10,561	3,760
Loss from operations	3,082	682	9,544	3,608
Loss (income) for the period	2,387	(85)	7,169	1,518
Loss per share	\$0.04	-	\$0.11	\$0.03
Cash & investments			30,707	19,337

### **Fourth Quarter**

In the fourth quarter of fiscal 2001, Electrovaya reported revenue of \$382,000, compared with \$141,000 in the same quarter of 2000 on sales of the PowerPad 120 and 160 products. Revenue was flat sequentially from the third quarter of this fiscal 2001, reflecting a large PowerPad order, which was expected in September but delayed.

The loss from operations before interest and taxes (EBIT) increased to \$3.1 million from \$0.7 million in the same quarter last year, owing to the increased operating expenses associated with production start-up.

The net loss for the quarter was \$2.4 million or \$0.04 per share.

“We have achieved the goal of proving the manufacturability of our technology at a controlled and prudent pace,” said Sankar Das Gupta, President and CEO of Electrovaya. “During the quarter, we took a number of initiatives to support sales growth. We strengthened our management team, notably in the financial and marketing functions, and achieved new distribution and sales agreements. We are now positioned to ramp up production in step with demand, as our modular manufacturing process is in place.”

### ***Fiscal 2001***

For the fiscal year ended September 30, 2001, revenue increased to \$1.0 million from \$152,000 in fiscal 2000. The output of our Mississauga production plant, comprising PowerPad rechargeable portable computer batteries, was sold to corporate customers, distributors and individuals.

The net loss for the year was \$7.2 million or \$0.11 per share compared to \$1.5 million or \$0.03 per share for fiscal 2000.

### ***Expenses***

In April 2001, the Company commenced production of commercial units at its new manufacturing facility in Mississauga. All of the materials, labour and overhead costs associated with the production of commercial units and the start up of the plant are included in start-up and manufacturing expenses. These expenses amounted to \$3.9 million in fiscal 2001. There was no comparable expense category in the prior year as commercial production commenced in this year's third fiscal quarter.

Research and development expenses, net of investment tax credits, increased to \$2.1 million in fiscal 2001 from \$1.0 million in fiscal 2000. This increase reflects the increased research and development efforts to improve production methodology, improve technology and enhance and develop new products.

Sales and marketing expenses increased to \$1.6 million in fiscal 2001 from \$0.8 million in fiscal 2000. The Company enhanced its sales and marketing team significantly. It also increased its activity in marketing, trade shows, advertising and other costs associated with sales of the PowerPad product line. Electrovaya has also increased the overall awareness of its products and technology.

General and administrative expenses increased to \$3.0 million for the year ended September 30, 2001 from \$1.9 million for fiscal 2000. This increase reflects the repurchase of stock options of a senior officer who left the Company and increases in corporate staff, legal and consulting fees and amortization expense.

Interest income increased to \$1.9 million for the year ended September 30, 2001 from \$1.1 million for the year ended September 30, 2000. The Company derived interest in both periods from cash and short-term investments. This increase primarily reflects the additional interest derived from the unused portion of the proceeds from the Company's January 2000 special warrant financing and the November 2000 public offering of shares.

### ***Liquidity and Capital Resources***

Cash and short-term investments remained strong at \$30.7 million as the Company contained the cash consumption rate to \$4.3 million for the current quarter and \$17.5 million for the year. Capital expenditures, primarily for the completion and equipment of the plant, were \$0.3 million in the fourth quarter and \$9.2 million for the year or 55% of the annual cash consumption amount. Capital expenditures for the year represent spending on building improvements and machinery and equipment for the Mississauga plant and for the start of the second phase expansion.

### ***Outlook***

"Electrovaya is well positioned to meet the growing demand for mobility and productivity from portable computer users," said Dr. Das Gupta. "We have a cluster of unique products to meet this demand and have now successfully commissioned our Mississauga manufacturing plant. Electrovaya is rapidly opening up distribution channels to meet the challenge of the global market for mobile energy."

"Following quarter end, we reviewed and revised our business plan to reflect our operating experience and market conditions," continued Dr. Das Gupta. "Our primary objective is to achieve profitability through a combination of increasing revenue and controlling costs. Sales in October and November 2001 totalled in excess of \$500,000, more than double the average monthly sales for the fourth quarter of fiscal 2001. We will further support sales through the appointment of additional major distribution channels in North America, and

by partnering with OEMs. Concurrently, we are focussing R&D on expanding our markets through the development of new products.”

“While overall IT spending may have declined with the economic slowdown, the cell phone market remains strong. In the laptop market we are seeing an increasing demand for batteries with maximum runtime as corporations are meeting the needs of a mobile workforce and extending the life of older laptops. While Electrovaya will benefit most from a strong economy, our high-energy-density battery applications also are well suited for today’s environment.”

**Conference Call Notice**

Electrovaya will host a conference call on Tuesday, December 4, 2001 at 10:00 a.m. EST. The call can be accessed by dialling 877-871-4101 or through a replay available at 800-558-5253 (call #20 04 24 72). The call will be web cast live on the Internet at [www.electrovaya.com](http://www.electrovaya.com) and [www.newswire.ca/webcast/](http://www.newswire.ca/webcast/).

***About Electrovaya***

Electrovaya is the commercial name of Electrofuel Inc. The Company develops, manufactures and sells products using its proprietary lithium ion SuperPolymer™ rechargeable battery technology, which delivers the highest energy density level of any battery technology on the market today. The Company’s goal is to become the leading provider of portable power for the notebook computer and wireless sectors and to apply its technology to a broad spectrum of alternative energy applications over the long term. Shares of Electrofuel Inc. trade on The Toronto Stock Exchange under the symbol EFL. For more information about the Company and its products, please visit our website at [www.electrovaya.com](http://www.electrovaya.com).

For more information, please contact:

Paul J. Van Damme  
Vice-President, Finance & CFO  
Electrofuel Inc.  
tel: 905-855-4636  
email: [pvandamme@electrovaya.com](mailto:pvandamme@electrovaya.com)

***Forward-Looking Statements***

*This news release may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company’s business and results of operations. Risks are outlined in the Company’s MD&A for the fiscal year ended September 30, 2000 and are set forth in public disclosure documents filed with Canadian regulatory authorities. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. . The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*