



*News for Immediate Release*

## **ELECTROVAYA ANNOUNCES FOURTH QUARTER AND 2002 YEAR END RESULTS**

*Toronto, Ontario* – December 9, 2002 – Electrovaya Inc. (TSX: EFL) today announced financial results for the fourth quarter and fiscal year ended September 30, 2002. All figures are in thousands of US dollars.

### **Fourth Quarter Highlights**

- Fourth quarter revenue for fiscal 2002 up 73% from fiscal 2001
- Loss of \$0.03 per share for the quarter, down from \$0.04 in Q4 2001
- Signed development agreement with Microsoft for tablet PC, SCRIBBLER

### **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>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
Revenue	\$661	\$382	\$2,976	\$1,017
Expenses	2,853	2,358	11,038	9,002
Loss from operations before interest, taxes and amortization	2,192	1,976	8,062	7,985
Loss for the period	2,406	2,386	9,991	7,169
Loss per share	\$0.03	\$0.04	\$0.14	\$0.11
Cash & investments			20,618	31,132

“While overall IT spending declined with the economic slowdown, 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,” said Sankar Das Gupta, President and CEO of Electrovaya. “While Electrovaya will benefit most from a strong economy, our high-energy-density battery applications also are well suited for today’s environment.”

### **Fourth Quarter**

For the fourth quarter of fiscal 2002, Electrovaya reported revenue of \$661,000, compared with \$382,000 in the same quarter of 2001. The increase in revenue can be attributed to sales of the PowerPad 120 and 160 products. Revenue was also up marginally from the third quarter of fiscal 2002. The loss from operations decreased to \$2.8 million from \$3.1 million in the same quarter last year.

The net loss for the fourth quarter of fiscal 2002 was \$2.4 million, virtually unchanged from the previous year. The loss per share for the quarter was \$0.03 compared with \$0.04 in 2001 and decreased from the loss in the third quarter of fiscal 2002 of \$0.06 per share.

“We have significantly controlled the cash burn rate this quarter,” said Dr. Das Gupta. “During the quarter, we took a number of initiatives to restructure the Company and reduce expenditures. We reduced the burn rate in the quarter to \$2.8 million from \$4.5 million in the fourth quarter of 2001.

### **Fiscal 2002**

For the fiscal year ended September 30, 2002, revenue increased to \$3.0 million from \$1.0 million in fiscal 2001. Revenues were derived from the sale of PowerPad rechargeable computer batteries to corporate customers, distributors and individuals.

The net loss for fiscal 2002 was \$10.0 million or \$0.14 per share compared to \$7.2 million or \$0.11 per share a year ago.

### ***Expenses***

In 2002, all of the material and labor costs and related manufacturing overhead associated with the production of commercial products have been charged to cost of goods sold. These costs amounted to \$4.6 million in fiscal 2002. In 2001, \$2.9 million of these expenses, as well as the start-up costs of the plant, were charged to start-up and manufacturing expenses. The Company commenced production of commercial units at its manufacturing facility in Mississauga in April 2001.

Research and development expenses of \$1.8 million for the year ended September 30, 2002 remained virtually unchanged from the previous year. The research and development expenses reflect the Company's continuing efforts to improve production methodology, improve technology and enhance and develop new products.

Sales and marketing expenses increased to \$2.2 million for fiscal 2002 from \$1.6 million for fiscal 2001. The Company enhanced its sales and marketing team significantly. It also increased its activity in co-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 decreased to \$2.3 million for the year ended September 30, 2002 from \$2.8 million for the previous year. This decrease reflects the repurchase of stock options of a senior officer who left the Company in fiscal 2001.

Interest income decreased to \$0.6 million for the year ended September 30, 2002 from \$1.9 million a year ago. The Company derived interest in both periods from cash and short-term investments. The decrease in interest income resulted from the significantly lower interest rates on Canadian and U.S. dollar-denominated investments as well as the lower level of investments held during 2002.

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

Cash and short-term investments remained strong at \$20.6 million. The Company significantly reduced the cash consumption rate to \$10.5 million for the year compared with \$18.4 million in 2001. Capital expenditures, primarily for the completion and equipment of the plant, were \$1.3 million in 2002 and \$9.2 million in the previous year. Capital expenditures for the year represented costs associated with machinery and equipment for the Mississauga plant.

### ***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 launched our tablet PC, SCRIBBLER. 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 2002 are tracking at the rates seen in the last two quarters of fiscal 2002. 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."

**Conference Call Notice**

Electrovaya will host a conference call on Wednesday, December 11, 2002 at 10:00 a.m. EST. The call can be accessed by dialling 888-881-4892 or through a replay available at 877-289-8525 (call #223420). 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 Inc.**

Electrovaya develops, manufactures and sells products using its proprietary lithium-ion SuperPolymer™ rechargeable battery technology, which delivers the highest energy density 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. Electrovaya's shares 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).*

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For more information, please contact:

Paul J. Van Damme  
Vice-President, Finance & CFO  
Electrovaya 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, 2001 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.*