



News for Immediate Release

Electrovaya announces the sale-leaseback of its headquarters in Mississauga for approximately CDN\$22.5 million

Toronto, Ontario – July 27, 2018 – Electrovaya Inc. (“Electrovaya” or the “Company”) (TSX:EFL) (OTCQX:EFLVF) announces that it has entered into a binding agreement for the sale-leaseback of its headquarters at 2645 Royal Windsor Drive in Mississauga, Ontario (the “Property”) for approximately \$22.5 million. Net proceeds to the Company are expected to be \$21 million before transaction expenses, subject to customary closing adjustments, and will be used to pay down debt and for working capital purposes.

Under the terms of the agreement, the transaction is expected to close at 5:00 pm (Toronto time) on September 18, 2018 (the “Completion Date”). The sale is on an “as is, where is” basis and also provides that as of the Completion Date, Electrovaya will lease back from the buyer certain premises located on the Property. The agreement also provides that the terms of the formal lease will be settled by August 31, 2018, and will provide for the following: The leased premises shall consist of approximately 50,000 square feet of warehouse space and 4,000 square feet of office space.

1. The leased premises shall consist of approximately 50,000 square feet of warehouse space and 4,000 square feet of office space.
2. Electrovaya shall be responsible for its proportionate share of all operating costs, utilities and realty taxes and such costs shall be payable by Electrovaya as additional rent.
3. The term will be for three years from the Completion Date.
4. Both Electrovaya and the buyer shall have the option of early termination by providing at least six months’ written notice to the other party.

The transaction is expected to have the effect of unlocking liquidity from the Company’s non-core real estate to reinvest in its growing lithium ion battery business. Electrovaya has excess space at its headquarters that is no longer necessary as it transitions to greater use of contract manufacturing. The Company expects this will have the further effect of reducing overhead costs and increasing scalability as the Company focuses on high-margin subassemblies and battery systems. As of the Completion Date, Electrovaya will be leasing approximately 54,000 square feet of space, compared to the 156,000 square feet it presently occupies.

Electrovaya is focused on producing lithium ion battery systems for the Materials Handling Electric Vehicle sector, an expanding market opportunity. The Company produces batteries for newly-manufactured electric trucks, and replacement batteries for existing fleets currently

powered by lead acid batteries. Electroveya has received initial and follow-up purchase orders from multiple Fortune 500 companies, and recently completed a landmark order from Walmart Canada, which replaced the lead acid batteries in all forklifts at a distribution centre with Electroveya's lithium ion batteries. This site represents one of the largest lithium ion installations at a distribution centre in North America

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About Electroveya Inc.

Electroveya 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. Headquartered in Ontario, Canada, Electroveya is a technology focused company with extensive IP, supplying leading global customers.

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

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements, including statements that relate to, among other things: the net proceeds from the transaction to the Company; whether the transaction will close on time and otherwise as described herein, or at all; the terms of the formal lease, and in particular as they relate to the total square-footage of space to be leased in terms of warehouse space and office space and the date by which the formal lease will be settled; whether the disposition will have the further effect of reducing overhead costs and increasing scalability; and the Company's objectives, goals, strategies, intentions, beliefs, expectations and estimates. 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, among other things, that the transaction will close on the expected terms and in the expected timeframe, 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, 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. 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 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, the ability to sell the Company's premises or to do so at a price reflecting appropriate value, 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; 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, 2017 and in the Company's most recent 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.