



News for Immediate Release

Electrovaya Reports Financial Results for Fiscal 2016

Toronto, Ontario – December 28, 2016 – Electrovaya (TSX:EFL) (OTCQX:EFLVF) today reports its financial results for the fiscal year ending September 30, 2016. All numbers are in US dollars.

Financial Highlights:

- FY2016 revenue is \$19.5 million (Cdn \$26.4m) for the year ended September 30, 2016, a 17.5% increase over FY 2015 revenue of \$16.6 million (Cdn \$22.5m).
- The net loss for FY2016 is \$8.8 million (Cdn \$11.9m) compared to the net loss for FY2015 of \$3.2 million (Cdn \$4.3m). This increase in net loss of \$5.6 million (Cdn \$7.6m) was mainly attributed to:
 - Increased research investment to develop the high value and easily usable battery modules, battery management systems (BMS) and systems engineering for multiple Original Equipment Manufacturer (OEM) customers which resulted in an increase in R&D expenditures of \$1.6 million (Cdn \$2.2m), and;
 - Significant non-cash expenses in the fourth quarter at our German operations of \$3.8million (Cdn\$5.2million) including a provision for inventory revaluation and obsolescence of \$1.3 million (Cdn \$1.8m) and an allowance for credit losses of \$2.5 million (Cdn \$3.4m) as our German operations transitioned from component sales to valued added products.
- Inventory is \$18.2 million (Cdn \$24.7m) as at September 30, 2016 of which \$8.1 million (Cdn \$11.0m) is in finished goods and \$5.9 million (Cdn \$8.0m) in semi-finished goods as the company prepares to meet confirmed forward orders for fulfillment in 2017.

Business Highlights:

FY 2016 was pivotal for Electrovaya as the company developed its value added products and several major OEM customers/relationships. These developments, although, not significant in FY2016 revenue, are expected to have a strong influence on CY2017 revenue. The company is focusing on applications where its competitive advantage is more accentuated, namely applications that have higher duty cycles and greater requirements for cycle life and safety.

Business Highlights by Target Industrial Sectors

- **Miscellaneous sales of Cells:** certain battery and other companies have purchased cells and components which provided revenues in FY2016; these revenues are expected to continue however we do not expect significant growth in this sector; growth in CY2017 onwards is expected to come from recent activities and product launches in newly targeted industrial sectors as mentioned below.
- **Residential Energy Storage Sector:** Electrovaya in May 2016 announced its intelligent 48V, 2.3 kWh module (Litastore™ 2.3) with an integrated BMS as building blocks for OEMs. Electrovaya signed a non-binding Letter of Intent with a major Residential Energy Storage OEM in June 2016 followed by signing a multi-year Strategic Supplier Agreement in October 2016 and received a Purchase Order for about Euro 6.9 million (US\$7.2 million) in November 2016
- **Materials Handling Sector sales to OEM:** Electrovaya announced in May 2016, a Multiyear Master Service Agreement (MSA) with a NYSE Fortune 1000 OEM for the supply of Lithium Ion battery Modules. Initial functional product deliveries have started under this MSA with Hyster-Yale.
- **Materials Handling Sector sales directly to the end user:** Electrovaya announced on 14th November 2016 battery products for the fork lift materials handling market which can be delivered directly to the fork-lift user and is a drop-in replacement for the user's lead acid battery. Trials are underway with multiple users in this sector.
- **Electric bus sector:** Electrovaya's subsidiary Litarion in June 2016, announced a non-binding MOU with a leading European OEM, with operations in Europe and Asia, to deliver Lithium Ion cells for Electric Buses. The development work is continuing.
- **Electric-Mobility and Electric Delivery Truck sector:** Electrovaya's subsidiary Litarion in July 2016, signed a non-binding MOU with a Major Global OEM in the electro-mobility industry, for the delivery of Lithium Ion Battery Cells and Modules later in CY2017. Development work on this project is continuing. Electrovaya has started working with other companies in this sector including, as announced in September 2016, a Fortune 1000 NYSE company where Electrovaya is designing, under a purchase order, the complete battery system for integration into the OEM's off-road electric vehicle.
- **Utility and Grid connected systems:** The system for ConEdison will have cells with the Separion™, ceramic embedded separator to give longer cycle-life and higher safety to the system. The Electrovaya system will also have the latest battery management system with advanced capabilities. The system is expected to be delivered by H1, 2017.

Other Market Developments:

Marketing developments in addition to above are:

- **Branding:** A new website was launched in August 2016. The ceramic separator technology is a key differentiator and often the Electrovaya battery is named as the "Lithium Ion Ceramic Battery".
- **Trade Shows, Expositions and Financial Conferences:** Electrovaya showcased its technology in key trade shows in Europe, North America and Asia. The Trade shows were in sectors including utility energy storage, electric-mobility, solar energy, alternate energy, materials handling and batteries. In the Financial sector, Electrovaya spoke at the Barclays Energy Revolution Conference, Exane BNP Paribas' Disruptive Technology, Berenberg's Battery conference, Canaccord Genuity's Growth conference and attended the Roth New Industrial conference.

Technology Developments:

Electrovaya's research group continued to develop technology in a number of areas:

- **Cell Energy Density:** A continuous development program is underway to increase the energy density of its cells and in August, 2016 a 44Ah cell was announced which increased the energy density of the 40Ah cell announced earlier in November 2015. A road map for continual increase in energy density is an important research objective for Electrovaya.
- **Product Innovation:** a range of products including a 1kWh module, a 2.3kWh 48V Litastore module as well as a 36V Fork-lift battery system was developed.
- **A 20micron Separion™:** a thinner ceramic embedded separator was developed.
- **Intelligent battery management systems (iBMS™):** have been developed and are continuously updated to provide good control and monitoring of the Electrovaya batteries. This also positions Electrovaya for "Internet of things" capability.

Commenting on the results Electrovaya EVP and CFO, Richard Halka stated, "FY2016 has been transitional for us, the critical element being our working capital facility which we expect will allow us to expand production and grow sales. Our inventory is at levels where we can execute on planned deliveries".

"FY2016 has been an important pivotal year and Electrovaya, with its new products, growth in relationships and emphasis on new markets, is well positioned to grow from CY2017", said Dr. Sankar Das Gupta, Chair and CEO Electrovaya.

In FY2016 our long term Board member, Dr. Bernard Fleet Ph.D., D.Sc, FRSC, passed away. We will all miss Dr. Fleet's great passion for climate change mitigation, for electric vehicles and electrochemistry along with his inimitable sense of humor and sage advice.

The Company's complete Annual Audited Financial Statements, Management Discussion and Analysis and Annual Information Form for the year ended September 30, 2016 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, December 29, 2016 at 8:00 a.m. Eastern Time (ET) to discuss the FY2016 results for the period ended September 30, 2016 and to provide a business update.

Conference ID: 13652135

US and Canada toll free: (877) 407-8291

International: + 1(201) 689-8345

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 December 29, 2016 through January 12, 2017. 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 13652135.

For more information, please contact:

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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, through its fully owned subsidiary, Litarion GmbH, also produces cells, electrodes and SEPARION™ ceramic separators and has manufacturing capacity of about 500MWh/annum. Electrovaya is a technology focused company with extensive IP. Headquartered in Ontario, Canada, Electrovaya has production facilities in Canada and Germany with customers around the globe.

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

Risk Factors

The definitive agreements between Electrovaya and its customers (collectively the "Contracts") are subject to a number of risks, including: (i) no sales are assured under the Contracts and no firm irrevocable commitments have been obtained by Electrovaya under the Contracts or if firm irrevocable

commitments are obtained the customer may not honour such commitments or may seek to re-negotiate or defer such commitments; (ii) the Contracts do not provide for a minimum contracted volume, and therefore, ElectroVaya is subject to the requirements of its customers as to if, as and when and in what volume they wish to ultimately purchase; (iii) ElectroVaya's estimation of revenue under most Contracts calculated based on the expectations and forecasts for orders during the life of the contract provided to ElectroVaya by the customers (the "Estimates") which orders are solely at the discretion of the customers - accordingly the actual revenues of ElectroVaya under the Contracts could be materially less than initially estimated as the Contracts are not, unless otherwise disclosed by ElectroVaya, "take or pay" nor do they provide for a minimum contracted volume; (iv) the Estimates constitute forward-looking information and ElectroVaya does not have (X) knowledge of the material factors or assumptions used by the customers to develop the Estimates or as to their reliability or (Y) the ability to monitor the performance of the business of the customers in order to confirm that the volumes initially represented by them in the Estimates remain valid; and (v) if the Estimates do not remain valid, or if firm irrevocable orders are not obtained, the potential estimated revenues of ElectroVaya could be materially and adversely impacted.

Non-binding MoUs and letters of intent entered into by ElectroVaya, including the MoUs and letter of intent discussed above, are subject to a number of risks including: (i) the arrangements are still in the negotiation phase and there is no assurance a definitive agreement will be reached or if reached, such agreement will be on the same terms as disclosed in the MoU or letter of intent, (ii) product specifications have not yet been agreed and thus ElectroVaya cannot enter into a definitive agreement nor commence deliveries until the product specifications are agreed and a definitive arrangement is signed; (iii) no sales are assured under the MoUs and letter of intents and no firm irrevocable commitments have been obtained from the potential customer; and (iv) the MoUs, letter of intents and any definitive agreement entered into in furtherance thereof, may be subject to the same risk factors as the Contracts.

Forward-Looking Statements

This press release contains forward-looking statements, including statements that relate to, among other things, revenue forecasts, anticipated orders and deliveries in CY2017 and beyond, demand for the Company's products, technology development progress, 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: 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 most recent annual information form under the heading "Risk Factors, and 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.