



News for Immediate Release

ELECTROVAYA ANNOUNCES FOURTH QUARTER AND 2003 YEAR END RESULTS

Revenue up 67% over the prior quarter and 45% over prior year

Toronto, Ontario – December 4, 2003 – Electrovaya Inc. (TSX: EFL) today announced financial results for the fourth quarter and fiscal year ended September 30, 2003. All figures are in thousands of US dollars.

Fourth Quarter Highlights

- Fourth quarter revenue for fiscal 2003 was \$1.3 million, up 96% from the same quarter in fiscal 2002
- Loss per share was \$0.02 per share, down 33% from \$0.03 in Q4 2002
- Scribbler 2000 series was launched at Comdex in early November and PC World magazine and others have expressed positive comments
- We signed a non-binding Memorandum of Understanding with Exide Technologies (OTCBB: EXDTQ, a global leader in stored electrical-energy solutions, to collaborate to develop products and application solutions incorporating Electrovaya's lithium ion battery technology
- In October, 2003, we were awarded a US \$2.95 million contract by NASA (National Aeronautics and Space Administration - Johnson Space Center) to provide its high-energy lithium ion SuperPolymer(R) power systems as a power source for the spacesuits astronauts wear during their space walk missions outside the spacecraft.

Summary of Financial Results

In thousands of US\$ except per share amounts	3 months ended September 30		3 months ended June 30 2003	Year ended September 30	
	2003	2002		2003	2002
Revenue	\$ 1,298	\$ 661	\$ 778	\$ 4,323	\$2,976
Expenses*	2,196	2,853	2,842	11,214	11,038
Loss from operations before interest, taxes and amortization	898	2,192	2,064	\$ 6,891	8,062
Loss for the period	\$ 1,475	\$ 2,406	\$ 3,122	\$ 9,876	9,991
Loss per share	\$0.02	\$0.03	\$0.04	\$0.14	\$0.14
Cash, cash equivalents & investments	\$ 17,593	\$ 20,618	\$ 17,057	\$ 17,593	\$ 20,618

* Net of Government assistance.

Fourth Quarter

For the fourth quarter of fiscal 2003, Revenue increased by 96% to \$1.3 million from \$0.7 million for the same quarter in fiscal 2002 and was up 67% compared to \$0.8 million in the prior quarter. The increase related primarily to increased sales from PowerPads and Scribblers. TPC funding of \$1.1 million was received during the quarter thereby increasing our R& D capabilities.

The net loss for the fourth quarter of fiscal 2003 was \$1.5 million, down from \$2.4 million in the same quarter in the previous year and improved 53% from \$3.1 million during the prior quarter. The loss per share for the quarter was \$0.02 compared with \$0.03 in the fourth quarter of 2002 and decreased from the third quarter of fiscal 2003 of \$0.04 per share.

“Compared to cash, cash equivalents and short-term investments as at June 30, 2003 of \$17.1 million, our position improved by \$0.5 million to \$17.6 million as at September 30, 2003” said Dr. Das Gupta. “We continue to focus on ways to improve our cash performance by increasing revenue and efficiencies.”

Fiscal 2003

For the fiscal year ended September 30, 2003, Revenue increased by 45% to \$4.3 million for the year ended September 30, 2003 from \$3.0 million for the year ended September 30, 2002. The year over year increase in revenue primarily resulted from the introduction of Scribbler Tablet PC products in December, 2002, as well as growth in revenue from the sale of machines to third parties and research and development service revenues.

The net loss for fiscal 2003 was \$9.9 million or \$0.14 per share compared to \$10.0 million or \$0.14 per share a year ago.

Expenses

Cost of goods sold increased to \$5.3 million in 2003 compared to \$4.6 million in 2002, resulting in a loss at the gross margin line of \$1.0 million, compared to a loss at the gross margin line in 2002 of \$1.7 million. Of this loss in 2003, \$0.4 million related to foreign exchange losses due to inventory revaluation, with the remainder of the improvement related to improving labor and material efficiencies. 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.

Research and development expenses of \$2.7 million for the year ended September 30, 2003 increased from \$1.8 million in 2002 due primarily to an increase in salaries and benefits as the Company increased its efforts related to the launch of the Scribbler tablet PC in 2003, fast rate batteries, and electric vehicles. In 2002, approximately \$0.4 million of investment tax credits were netted against overall research and development expenses compared to \$0.1 million in 2003.

Sales and marketing expenses increased to \$2.4 million for fiscal 2003 from \$2.2 million for fiscal 2002. In 2003, the Company enhanced its provision for warranty expenses by \$0.3 million, increased advertising expense by \$0.3 million, decreased salary and benefits expenses by \$0.2 million and decreased travel and other expenses by \$0.2 million.

General and administrative expenses decreased to \$1.9 million for the year ended September 30, 2003 from \$2.3 million for the previous year. The decrease primarily reflected a \$0.4 million decline in salaries and benefits.

Interest income decreased to \$0.4 million for the year ended September 30, 2003 from \$0.6 million in the year ending September, 2002. The Company derived interest in both periods from cash, cash equivalents 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 2003.

Liquidity and Capital Resources

Cash, cash equivalents and short-term investments remained strong at \$17.6 million. The Company significantly reduced the cash consumption rate to \$3.0 million for the year compared with \$10.5

million in 2002. Capital expenditures, primarily for the completion patent and technology capital assets, were \$0.2 million in 2003 compared to \$1.3 million in the previous year.

Outlook

“We continue to experience growth in all of our major business divisions, and have demonstrated by winning the NASA contract that we are a world-class provider of portable power solutions to meet the growing demand for mobility and productivity from portable computer users,” said Dr. Das Gupta, Chief Executive Officer. “Our primary objective is to achieve profitability and positive cash-flow through a combination of increasing revenue and controlling costs” continued Dr. Das Gupta. “At the same time as we continue to build sales in our PowerPad and Scribbler product lines, 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 December 4, 2003 at 4:30 PM. EST. The call can be accessed by dialing 1-800-814-4859 or 416-640-4127 or through a replay available at 416-640-1917, and entering 21028845#. The call will be web cast live on the Internet at www.electrovaya.com and 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.

For more information, please contact:

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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, 2003 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.

ELECTROVAYA INC.

Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

	September 30,	
	2003	2002
Assets		
Current assets		
Cash and cash equivalents	\$ 6,178	\$ 2,529
Short-term investments	11,415	18,089
Accounts receivable	1,047	762
Investment tax credits recoverable	427	378
Goods and Services Tax receivable	55	163
Inventories	2,852	3,324
Prepaid expenses and other	138	113
	<u>22,112</u>	<u>25,358</u>
Capital assets	12,024	14,539
	<u>\$ 34,136</u>	<u>\$ 39,897</u>

Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 1,760	\$ 1,220
Income taxes payable	6	42
	<u>1,766</u>	<u>1,262</u>
Shareholders' equity		
Share capital	63,729	63,729
Cumulative translation adjustment	954	(2,657)
Deficit	(32,313)	(22,437)
	<u>32,370</u>	<u>38,635</u>
	<u>\$ 34,136</u>	<u>\$ 39,897</u>

These financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2003.

ELECTROVAYA INC.

Consolidated Statements of Operations and Deficit
(Expressed in thousands of U.S. dollars, except per share amounts)

	Years ended September 30,	
	2003	2002
Revenue	\$ 4,323	\$ 2,976
Cost of goods sold	5,331	4,641
Gross margin	(1,008)	(1,665)
Expenses		
Research and development	2,656	1,845
Government assistance	(1,140)	—
Sales and marketing	2,439	2,221
General and administrative	1,928	2,331
	5,883	6,397
Loss before the undernoted	6,891	8,062
Amortization	2,746	2,495
Loss from operations	9,637	10,557
Interest income	(445)	(597)
Loss(gain) from foreign exchange	652	(11)
	207	(608)
Loss before income taxes	9,844	9,949
Income tax expense	32	42
Loss for the year	9,876	9,991
Deficit, beginning of year	22,437	12,446
Deficit, end of year	\$ 32,313	\$ 22,437
Basic and diluted loss per common share	\$ 0.14	\$ 0.14

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ELECTROVAYA INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Years ended September 30,	
	2003	2002
Cash provided by (used in)		
Operating activities		
Loss for the year	\$ (9,876)	\$ (9,991)
Amortization which does not involve cash	2,746	2,495
Change in non-cash operating working capital	725	(1,620)
	(6,405)	(9,116)
Investing activities		
Reductions to short-term investments	6,674	10,607
Additions to capital assets	(231)	(1,305)
	6,443	9,302
Increase in cash and cash equivalents	38	186
Effect of currency translation adjustments on cash and cash equivalents	3,611	(93)
Cash and cash equivalents beginning of year	2,529	2,436
Cash and cash equivalents end of year	\$ 6,178	\$ 2,529
Supplemental disclosure of cash flow information		
Income taxes paid	\$ 80	\$ 34
Interest received	479	823

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