

January 12, 2017

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To our Stockholders,

www.sevcon.com

We have been working since 2013 on a series of strategic initiatives to utilize our historic knowledge of electrification in new markets. Through both organic growth and via acquisition, Sevcon is focused on maximizing shareholder value by capitalizing on opportunities to accelerate growth in these high-growth end markets. In these new sectors, the sales cycle can be long in comparison to our traditional business, and products developed tend to be highly-customized, integrating functionality to optimize space, weight and interconnections. Success in the early stages is measured best by award of development projects. In 2016, we made meaningful progress despite a challenging environment for our industrial markets. As a result of these achievements, we are extremely well positioned to take advantage of these market opportunities as we continue to execute against our plan to maintain our position as a global leader in electrification technology.

We are currently benefitting from a step-change in end-user demand for electrification solutions world-wide. Customers look to Sevcon to help migrate existing internal combustion to hybrid and pure electric systems. During the year, we made substantial progress in developing our on-road project pipeline with contracts from some of the world's principal automotive manufacturers and Tier 1 suppliers.

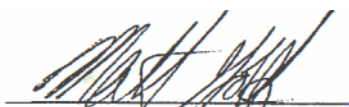
Early in the calendar year we acquired Bassi, an Italian designer and manufacturer of battery chargers for electric vehicles. The Bassi product line includes fast charging technologies suitable for a wide range of electrification markets, including rapid, high voltage and high power sectors. Adding Bassi's state-of-the-art battery charging technology and power management capabilities to Sevcon's advanced control technologies strengthens our ability to deliver more integrated solutions. Bassi performed above our expectations for fiscal 2016, having reported 26% revenue growth post-acquisition compared with the same eight-month period in the prior year.

Sevcon's project pipeline is more robust today than ever before. Currently, we highlight five major ongoing projects. These include a luxury automotive manufacturer of high-performance sports cars, a leading international supplier of commercial vehicles and transport solutions, a leader in stabilizing technology for the yacht and commercial marine industry, and a manufacturer of electric motors for automotive applications. Shortly after the close of the fiscal year, we announced that the high-performance sports car manufacturer nearly doubled the Sevcon content on the program scheduled for production in 2020. Assuming these projects go into production with Sevcon, we expect total production revenue from the five projects in the pipeline to be approximately \$206 million over the five-to-seven-year production lives. We would then be adding on revenue for spares in the five to 10 years following the completion of production.

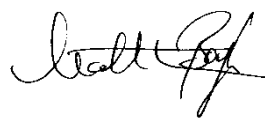
Our successful efforts to position the Company for rapid growth are the result of your Board's insight into the path of electrification, attraction and delivery on projects. We believe that your Board's carefully considered strategic plan will continue to place us at the forefront of electrification and maintain our favorable market position. Due to the global scarcity of specialized engineering skills, we are proactively attracting and integrating engineering talent ahead of contract wins to prepare Sevcon for future projects and substantial production revenues.

We are bullish about our prospects as we enter 2017. While we expect challenging off-road conditions to persist this year, we expect to see an uptick in our on-road business as a result of our strong project pipeline. We are encouraged by the confidence that an increasing number of on-road OEMs are placing in our solutions.

We welcome the Bassi organization to Sevcon and we thank our stockholders, directors, employees, customers and suppliers for their commitment to Sevcon and look forward to continuing to make progress on our strategy and enhance stockholder value in the coming year.



Matthew Goldfarb
Chairman of the Board of Directors



Matthew Boyle
President and Chief Executive Officer

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² Compensation Committee

³ Nominating and Governance Committee

Web Sites:

Sevcon:
www.sevcon.com

Industrial Capacitors:
www.icw ltd.co.uk
www.claritycap.co.uk

Bassi:
www.bassi-srl.eu

STOCKHOLDER INFORMATION

Stock Exchange Listing

Common Stock
NASDAQ Capital Market
Ticker Symbol : SEV

Transfer Agent and Registrar

Common Stock

American Stock Transfer & Trust Co
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Corporate Counsel

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Mailing List

Sevcon maintains a mailing list to ensure that financial reports and corporate announcements are received as timely as possible by shareholders whose shares are held in "street name" and others interested in the Company. To have your name added to our mailing list, please send a brief note to:

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