



Partner with Performance

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Sevcon, Inc.
Fiscal 2015 Letter to Shareholders

To our Stockholders,

Sevcon's fiscal 2015 was a year of strategic progress and record financial results. Despite the negative effect of foreign currency, our total sales increased 8.5 percent to \$41.1 million, primarily driven by 50 percent growth in the on-road sector. We added significant sales and engineering headcount to address potential future growth opportunities, and operating expense was up \$2.5 million year-over-year as a result. Nonetheless, after preference share dividends of \$440,000 equivalent to \$0.09 per diluted share, fiscal 2015 net income attributable to common stockholders grew by \$0.04 to \$0.32 per diluted share.

We logged a record number of product shipments in fiscal 2015, and rolled out customizable technology solutions that we believe will significantly increase value to customers than traditional technologies. Our ongoing investments in engineering and technical innovation have enabled us to forge strong partnerships with some of the world's largest companies. These alliances are creating lasting relationships that get Sevcon products "designed in" and help us grow as our customers grow.

These relationships are generating steadily growing new product demand, not only for on-road electric and hybrid vehicle applications, but also for applications in sectors such as marine and agriculture, as well as recreational vehicle and utility vehicle applications. In mining and our other traditional industrial markets, conditions remained weak in fiscal 2015, and sales in the off-road segment increased only modestly as a result.

Looking more closely at our on-road business in fiscal 2015, our growth in the 4-wheel sector was primarily driven by the continued recognition of engineering services revenue and the overall progress we are making on electrification projects with a large Germany-based manufacturer of trucks, buses, engines and transportation solutions. Our joint venture in China also made progress in building its business with Chinese Tier 1 automotive suppliers. Initially targeting 4-wheel on-road electric and hybrid vehicle applications, we expect the joint venture to commence volume production in calendar year 2016. Sales in the 2-wheel market continued to be lumpy from quarter to quarter in fiscal 2015, with the majority of our product shipments going to electric motorcycle OEMs in Europe and the United States.

Our growth strategy is focused on developing modular technology platforms that can easily be adapted to create cost-effective electrification solutions across multiple applications. Highlighting our progress in executing on this strategy, we introduced our breakthrough GEN5 technology platform in September 2015 to a highly receptive audience. Simple to install and program, Sevcon GEN5 motor controllers will set new standards of reliability, flexibility, safety and security in on-road applications. We currently have projects in our pipeline that will be utilizing our GEN5 Size 9 and Size 7 products in high-performance electric and hybrid vehicles, and the roadmap for the near future includes GEN5 products designed for off-road applications.

Our vision is for Sevcon to become the leading supplier of electrification technology to our target industrial and automotive markets. Penetrating these markets will require significant investment in engineering, sales and marketing. We expect our earnings to be somewhat volatile in the interim as we lay the foundation for the company's next cycle of robust growth.

Looking ahead as we begin fiscal 2016, we continue to be in an investment mode in order to maximize future returns for our stockholders. We expect that our traditional off-road industrial markets will continue to be a proxy for global economic trends. We are taking the necessary steps to accelerate our industrial sector growth, and these initiatives are progressing well.

In the on-road sector, we plan to maintain our focus on opportunities related to the global demand for electrification. We believe that our GEN5 technology will enable Sevcon and its customers to be faster to market, reduce risk, and gain share in high-growth electrification applications. As a result, we are well-positioned for further design wins with an increasing number of GEN5 products, plus an expanding base of blue-chip customers.

We look forward to the opportunities in fiscal 2016, and thank our stockholders, directors, employees, customers and suppliers for their commitment to Sevcon in fiscal 2015.

A handwritten signature in black ink, appearing to read 'Frederick A. Wang', with a stylized flourish at the end.

Frederick A. Wang
Chairman of the Board of Directors
December 29, 2015

A handwritten signature in black ink, appearing to read 'Matthew Boyle', with a stylized flourish at the end.

Matthew Boyle
President and Chief Executive Officer

OFFICERS & DIRECTORS

Frederick A. Wang^{3, 4}
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⁴ Nominating and Governance
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Web Sites:

Sevcon:
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SHAREHOLDER INFORMATION

Stock Exchange Listing
Common Stock
NASDAQ Capital Market
Ticker Symbol : SEV

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corporate announcements are
received as timely as possible by
shareholders whose shares are held in
"street name" and others interested in
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