UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): November 13, 2018 (November 13, 2018)

Tecogen
Advanced Modular CHP Systems

TECOGEN INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-36103 (Commission File Number)	04-3536131 (IRS Employer Identification No.)
45 First Avenue Waltham, Massachusetts (Address of Principal Executive Offices)	2451 (Zip Code)

(781) 522-6020
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:
☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On November 13, 2018, the registrant issued via press release earnings commentary and supplemental information for the nine months ended September 30, 2018. The press release is furnished as Exhibit 99.01 to this Current Report on Form 8-K.

The information in this Item 2.02 and Exhibit 99.01 to this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure

On November 13, 2018, the registrant presented the attached slides online in connection with an earnings conference call. Those slides are being furnished as Exhibit 99.02 to this Current Report on Form 8-K.

The information in this Item 7.01 and Exhibit 99.01 to this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits
The following exhibits relating to Item 2.02 and Item 7.01 shall be deemed to be furnished, and not filed:

Exhibit	Description
99.01	Press release dated November 13, 2018, for the nine months ended September 30, 2018
99.02	Investor Presentation – 3rd Quarter 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TECOGEN INC.

	By: /s/ Bonnie Brown
November 13, 2018	Bonnie Brown, Chief Accounting Officer

Exhibit 99.01

Tecogen Announces Third Quarter 2018 Results

Reporting a 14% increase in Product Sales

WALTHAM, Mass., November 13, 2018 - Tecogen® Inc. (NASDAQ:TGEN), a leading manufacturer of clean energy products which, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer's carbon footprint, reported revenues of $7,938,684 for the quarter ended September 30, 2018 compared to $8,501,198 for the same period in 2017, a 6.6% decline in top line revenue. Energy production revenue from the sites of our wholly-owned subsidiary, American DG Energy, contributed $1,459,820 in revenue to the quarterly result. Consolidated gross profit for the third quarter of 2018 was $2,883,098 compared to $3,258,031 in the third quarter of 2017, a decrease of 11.5% in overall gross profit year over year.

Revenue results were highlighted by growth in product sales of 14.0%, helped by significant progress in our chiller sales segment. Total services related revenues for the third quarter of 2018 declined by 17.8% over the prior year period, primarily due to decreased installation activity.

The third quarter saw a decline in cogeneration sales as more attention is focused on rapidly growing market segments for our gas engine chiller products. We are currently expanding our gas chiller line with an ammonia-based refrigeration product called TecoFrost used for industrial cooling applications such as cold storage and ice production. We anticipate reaching market with TecoFrost production in early 2019.

Product gross margin improved to 38.7% for the third quarter of 2018 compared to 36.6% for the same period in 2017. Combined products and services gross margin remained level at 35% for the third quarters of both 2018 and 2017. Overall gross margin for the quarter was 36.3% compared to 38.3% in the third quarter of 2017, within management's targeted 35-40% gross margin range.

Adjusted non-GAAP EBITDA[(1)], excluding the unrealized gain or loss on EuroSite Power Inc.'s shares owned by American DG Energy, stock-compensation expense and merger related expenses, was negative $258,655 for the third quarter of 2018 versus positive $295,755 for the third quarter of 2017, a difference of $554,410. (Adjusted EBITDA is defined as net income or loss attributable to Tecogen, adjusted for interest, depreciation and amortization, stock-based compensation expense, unrealized gain or loss on equity securities and merger related expenses. See table following the statements of operations for a reconciliation from net income (loss) to Adjusted EBITDA as well as important disclosures about the company's use of Adjusted EBITDA).

On a combined basis, operating expenses increased to $3,445,410 for the third quarter 2018 from $3,172,492 in the third quarter of 2017. An increase in research and development expenses of 16.3% to $281,094, and selling expenses which rose 15.6% to $581,716, along with an increase in G&A costs, accounted for this increase.

The increased expenses for the quarter are partially attributable to the Company's investment in the future through research and development, as discussed in the "Emissions Technology" section below and selling activities with such expenses increasing year over year. We have also realized an increase in general and administrative expenses of year over year.

Loss from operations was $562,312 compared to income of $85,539 in the prior year comparable period. Similarly, net loss attributable to the Company for the quarter was $603,037 compared to comprehensive income for the quarter ended September 30, 2017 of $66,572, a difference of $669,609.

"While we are disappointed with the drop in overall revenues, the third quarter saw a lot of progress in terms of positioning the company for future growth," commented Benjamin Locke, CEO. "Our increase in product sales is due to our focused sales activity around our exclusive gas engine cooling systems, and in October we announced a plan for continued development of our Ultera emissions system with our forklift partner, Mitsubishi Caterpillar Forklift America Inc. We expect product sales and overall revenues in our core business to rebound as we execute on our plans to expand our chiller product line, and we anticipate initiating a fleet retrofit project with our forklift partner in 2019."

Backlog of products and installations was $15.7 million as of the end of the third quarter of 2018 and stood at $20.2 million as of November 9, 2018. Given the importance of our growing chiller sales segment, we are pleased to announce our chiller backlog was $6.3 million of product as of November 9, 2018, all of which is expected to ship by mid-2019.

Major Highlights:

Financial

- As of the end of Q3 2018, on a trailing four quarters basis, revenue was $37 million showing revenue growth of 23% year over year and gross profit was $13.7 million.
- Product revenue for the third quarter increased by 14% over the third quarter of 2017, with chiller product sales increasing by 89%, to $1,101,216 for the third quarter of 2018 compared to $583,431 for the same period in 2017, underscoring the growing interest in our chiller products. Revenue from services and energy production declined by 17.8% and 6.2% respectively during the third quarter of 2018 compared to the third quarter of 2017.
- Overall gross margin was 36.3% for the third quarter of 2018 compared to 38.3% for the third quarter of 2017, resulting from the combination of an increase in product gross margin, and decreases in gross margins for services and energy production.
- Product gross margin was 38.7% for the third quarter of 2018 compared to 36.6% for the third quarter of 2017. Product gross margin was primarily helped by the materials and supplier arrangements put in place in previous quarters.
- Service gross margin declined to 32.2% in the third quarter of 2018 compared to 34.0% for the third quarter of 2017. Service gross margin is impacted by margins realized on installation projects.
- Energy production gross margin for the third quarter of 2018 was 42.3% compared with the previous year's third quarter, which was an exceptionally strong 53.5% due to a one-time incentive payment received in the third quarter of 2017. The margin for the third quarter of 2018 is consistent with management's expectations.
- Net loss attributable to Tecogen for the three months ended September 30, 2018 was $603,037 compared to income of $27,211 for the same period in 2017 and comprehensive income of $66,572 for the same period in 2017.
- Net loss per share was $0.02 for the three months ended September 30, 2018 and $0.00 for the comparative period in 2017.

- Current assets at quarter end of $22,925,281 were more than twice current liabilities of $11,340,611. Current liabilities as of September 30, 2018 included $1,708,888 of short-term debt on the Company's revolving line of credit.

Sales & Operations

- Product revenues increased 14.0% from the same period in 2017 primarily due to a continued high demand for our gas fired chillers.
- First nine months of 2018 chiller sales increased 77.3% over the first nine months of 2017 and current chiller backlog increased to $6.3 million.
- Advanced discussions with production partner to re-launch TecoFrost to meet the growing demand for natural gas cooling using ammonia refrigerants for cold storage and other premium chiller applications.
- Received order to replace outdated TecoChill system at University of Connecticut with 4-400 ton system ensuring continued long-term service revenues with the University.
- Current sales backlog of equipment and installations as of November 9, 2018 is $20.2 million, driven by strong traction in both the InVerde and TecoChill product lines, as well as installation services. As of September 30, 2018, the backlog was $15.7 million compared to $14.5 million as of September 30, 2017, showing a sustainable backlog at this level.

Emissions Technology

- Presented scientific paper on forklift truck program results at the World LPG Forum to an international audience of propane industry executives. Presentation described successful emissions reductions on a forklift provided by manufacturing partner, Mitsubishi Caterpillar Forklift America Inc. (MCFA), a leading manufacturer of forklift trucks, supplying a full line throughout North, South and Central America.
- Developing next phase development program with MCFA that includes incorporating alternative engine control software for optimizing conditions for the Ultera process. The test software, under development by MCFA in Japan, is expected to lead to additional emission reductions on the forklift prototype at Tecogen, after which it will be returned to MCFA in Houston for additional testing.
- Provided a proposal to the Propane Education and Research Council (PERC), to provide funding for next phase to support the ongoing MCFA development tasks.
- Third party compliance testing was completed for most of the Ultera-equipped generators located in Southern California (one remains to be tested). All were found compliant, meeting the final requirement for their air permits. Ultera kits we sold to this customer for retrofit into their onsite natural gas generators to allow the generators to be permitted for continuous operation resulted in the first natural gas engines permitted to these levels - which we believe to be the strictest in existence - without hourly restriction or special exemption.
- Continuing development work for on-road mobile applications of Ultera under company funded subcontract to a highly-respected, independent institution that specializes in powertrain research. The research focused on a specialized catalyst formulation expected to promote improved removal of the major categories of criteria pollutants (NOx, CO and hydrocarbons). We are currently discussing the specific formulation with a researcher having the ability to produce a test sample.

Commenting on the progress of the Ultera technology platform, Robert Panora, President and COO noted, "The successful implementation of our Ultera emissions technology on a commercial forklift truck provided by the manufacturing sponsor, MCFA, validates key components of the Ultera system. Importantly, the results are directly translatable to our effort to develop Ultera for automotive applications. We are excited with our progress this quarter."

Conference Call Scheduled for Today at 11:00 am ET

Tecogen will host a conference call today to discuss the third quarter results beginning at 11:00 am eastern time. To listen to the call dial **(877) 407-7186 within the U.S. and Canada, or (201) 689-8052 from other international locations**. Participants should ask to be joined to the Tecogen third quarter 2018 earnings call. Please begin dialing 10 minutes before the scheduled starting time. The earnings press release will be available on the Company website at www.Tecogen.com in the "News and Events" section under "About Us." The earnings conference call will be webcast live. To view the associated slides, register for and listen to the webcast, go to https://ir.tecogen.com/financial-results. Following the call, the webcast will be archived for 30 days.

The earnings conference call will be recorded and available for playback one hour after the end of the call through November 27, 2018. To listen to the playback, dial **(877) 660-6853 within the U.S. and Canada**, or **(201) 612-7415 from other international locations and use Conference Call ID#: 13672659.**

About Tecogen

Tecogen Inc. designs, manufactures, sells, installs, and maintains high efficiency, ultra-clean, cogeneration products including natural gas engine-driven combined heat and power, air conditioning systems, and high-efficiency water heaters for residential, commercial, recreational and industrial use. The company is known for cost efficient, environmentally friendly and reliable products for energy production that, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer's carbon footprint.

In business for over 35 years, Tecogen has shipped more than 3,000 units, supported by an established network of engineering, sales, and service personnel across the United States. For more information, please visit www.tecogen.com or contact us for a free Site Assessment.

Tecogen, InVerde, e+, Ilios, Tecochill, and Ultera are registered or pending trademarks of Tecogen Inc.

Forward Looking Statements

This press release and any accompanying documents, contain "forward-looking statements" which may describe strategies, goals, outlooks or other non-historical matters, or projected revenues, income, returns or other financial measures, that may include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," "target," "potential," "will," "should," "could," "likely," or "may" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements.

In addition to those factors described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q under "Risk Factors", among the factors that could cause actual results to differ materially from past and projected future results are the following: fluctuations in demand for our products and services, competing technological developments, issues relating to research and development, the availability of incentives, rebates, and tax benefits relating to our products and services, changes in the regulatory environment relating to our products and services, integration of acquired business operations, and the ability to obtain financing on favorable terms to fund existing operations and anticipated growth.

Exhibit 99.01

In addition to GAAP financial measures, this press release includes certain non-GAAP financial measures, including adjusted EBITDA which excludes certain expenses as described in the presentation. We use Adjusted EBITDA as an internal measure of business operating performance and believe that the presentation of non-GAAP financial measures provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance by eliminating items that vary from period to period without correlation to our core operating performance and highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures.

Tecogen Media & Investor Relations Contact Information:

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Exhibit 99.01

TECOGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 136,717	$ 1,673,072
Accounts receivable, net	11,548,663	9,536,673
Unbilled revenue	4,441,565	3,963,133
Inventory, net	5,983,067	5,130,805
Due from related party	—	585,492
Prepaid and other current assets	815,269	771,526
Total current assets	22,925,281	21,660,701
Property, plant and equipment, net	11,107,509	12,265,711
Intangible assets, net	2,935,279	2,896,458
Goodwill	13,365,655	13,365,655
Other assets	427,810	482,551
TOTAL ASSETS	$ 50,761,534	$ 50,671,076
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit, bank	$ 1,708,888	$ —
Accounts payable	5,716,426	5,095,285
Accrued expenses	2,196,921	1,416,976
Deferred revenue	1,718,376	1,293,638
Loan due to related party	—	850,000
Interest payable, related party	—	52,265
Total current liabilities	11,340,611	8,708,164
Long-term liabilities:		
Deferred revenue, net of current portion	343,031	538,100
Unfavorable contract liability, net	6,534,074	7,729,667
Total liabilities	18,217,716	16,975,931
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 24,819,646 and 24,766,892 issued and outstanding at September 30, 2018 and December 31, 2017, respectively	24,819	24,767
Additional paid-in capital	56,371,583	56,176,330
Accumulated other comprehensive loss-investment securities	—	(165,317)
Accumulated deficit	(24,298,191)	(22,796,246)
Total Tecogen Inc. stockholders' equity	32,098,211	33,239,534
Noncontrolling interest	445,607	455,611
Total stockholders' equity	32,543,818	33,695,145
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 50,761,534	$ 50,671,076

Exhibit 99.01

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended	
	September 30, 2018	September 30, 2017
Revenues		
Products	$ 2,765,094	$ 2,425,616
Services	3,713,770	4,519,467
Energy production	1,459,820	1,556,115
Total revenues	7,938,684	8,501,198
Cost of sales		
Products	1,695,347	1,538,515
Services	2,517,210	2,981,454
Energy production	843,029	723,198
Total cost of sales	5,055,586	5,243,167
Gross profit	2,883,098	3,258,031
Operating expenses		
General and administrative	2,582,600	2,427,352
Selling	581,716	503,415
Research and development	281,094	241,725
Total operating expenses	3,445,410	3,172,492
Income (loss) from operations	(562,312)	85,539
Other income (expense)		
Interest income and other expense, net	4,168	14,849
Interest expense	(33,380)	(45,242)
Unrealized gain on investment securities	19,681	—
Total other expense, net	(9,531)	(30,393)
Income (loss) before provision for state income taxes	(571,843)	55,146
Provision for state income taxes	3,815	—
Consolidated net income (loss)	(575,658)	55,146
Income attributable to the noncontrolling interest	(27,379)	(27,935)
Net income (loss) attributable to Tecogen Inc.	$ (603,037)	27,211
Other comprehensive income - unrealized gain on securities		39,361
Comprehensive income		$ 66,572
Net loss per share - basic and diluted	$ (0.02)	$ 0.00
Weighted average shares outstanding - basic	24,819,056	24,720,613

Non-GAAP financial disclosure (1)		
Net loss attributable to Tecogen Inc.	$ (603,037)	$ 27,211
Interest & other expense, net	9,531	30,393
Income taxes	3,815	—
Depreciation & amortization, net	199,938	160,061
EBITDA	(389,753)	217,665
Stock based compensation	55,330	40,645
Merger related expenses	75,768	37,445
Adjusted EBITDA	$ (258,655)	$ 295,755

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

	Nine Months Ended	
	September 30, 2018	**September 30, 2017**
Revenues		
Products	$ 8,922,257	$ 8,349,159
Services	12,894,439	12,259,037
Energy production	4,750,580	2,330,307
Total revenues	26,567,276	22,938,503
Cost of sales		
Products	5,596,272	5,261,245
Services	8,262,104	7,464,193
Energy production	2,828,405	1,053,741
Total cost of sales	16,686,781	13,779,179
Gross profit	9,880,495	9,159,324
Operating expenses		
General and administrative	8,122,856	7,042,500
Selling	1,892,229	1,558,378
Research and development	993,102	641,064
Total operating expenses	11,008,187	9,241,942
Loss from operations	(1,127,692)	(82,618)
Other income (expense)		
Interest and other income	7,926	21,033
Interest expense	(56,195)	(115,026)
Unrealized loss on investment securities	(59,042)	—
Total other expense, net	(107,311)	(93,993)
Loss before provision for state income taxes	(1,235,003)	(176,611)
Provision for state income taxes	3,815	—
Consolidated net loss	(1,277,682)	(176,611)
Income attributable to the noncontrolling interest	(58,946)	(44,933)
Net loss attributable to Tecogen Inc.	$ (1,336,628)	(221,544)
Other comprehensive loss - unrealized loss on securities		(184,998)
Comprehensive loss		$ (406,542)
Net loss per share - basic and diluted	$ (0.05)	$ (0.01)
Weighted average shares outstanding - basic and diluted	24,813,936	22,643,406

Non-GAAP financial disclosure (1)		
Net loss attributable to Tecogen Inc.	$ (1,336,628)	$ (221,544)
Interest & other expense, net	107,311	93,993
Depreciation & amortization, net	586,188	402,939
EBITDA	(600,450)	275,388
Stock based compensation	133,808	138,329
Merger related expenses	181,935	156,298
Adjusted EBITDA	$ (284,707)	$ 570,015

Exhibit 99.01

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

Exhibit 99.01

	Nine Months Ended	
	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	$ (1,277,682)	$ (176,611)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, accretion and amortization, net	586,188	402,939
Gain on contract termination	(124,732)	—
Provision on inventory reserve	1,000	43,609
Stock-based compensation	133,808	138,329
Non-cash interest expense	—	577
Loss on sale of assets	13,343	2,909
Provision for losses on accounts receivable	4,395	8,000
Changes in operating assets and liabilities, net of effects of acquisitions		
(Increase) decrease in:		
Accounts receivable	(1,840,150)	(1,908,655)
Unbilled revenue	(245,892)	(776,365)
Inventory, net	(853,262)	(1,279,847)
Due from related party	585,492	(236,971)
Prepaid expenses and other current assets	(43,743)	(18,673)
Other non-current assets	54,741	(32,251)
Increase (decrease) in:		
Accounts payable	(262,925)	1,641,206
Accrued expenses and other current liabilities	779,945	(233,824)
Deferred revenue	185,059	407,379
Interest payable, related party	(52,265)	21,378
Net cash used in operating activities	(2,356,680)	(1,996,871)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(273,814)	(315,205)
Proceeds from sale of assets	3,606	—
Purchases of intangible assets	(203,648)	(34,551)
Cash acquired in asset acquisition	442,746	971,454
Expenses associated with asset acquisition	(900)	—
Payment of stock issuance costs	(908)	(367,101)
Distributions to noncontrolling interest	(68,950)	(31,362)
Net cash provided by (used in) investing activities	(101,868)	223,235
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving line of credit	12,550,590	—
Payments on revolving line of credit	(10,696,691)	—
Payments for debt issuance costs	(145,011)	—
Proceeds from the exercise of stock options	63,305	128,918
Payment on loan due to related party	(850,000)	—
Net cash provided by financing activities	922,193	128,918
Change in cash and cash equivalents	(1,536,355)	(1,644,718)
Cash and cash equivalents, beginning of the period	1,673,072	3,721,765
Cash and cash equivalents, end of the period	$ 136,717	$ 2,077,047
Supplemental disclosures of cash flows information:		
Cash paid for interest	$ 112,460	$ 95,550
Cash paid for taxes	$ 44,864	$ —
Issuance of stock to acquire American DG Energy	$ —	$ 18,745,007
Issuance of Tecogen stock options in exchange for American DG Energy options	$ —	$ 114,896

[1] Non-GAAP Financial Measures

In addition to reporting net income, a U.S. generally accepted accounting principle ("GAAP") measure, this news release contains information about EBITDA (net income (loss) attributable to Tecogen Inc adjusted for interest, depreciation and amortization, stock based compensation expense, unrealized gain or loss on investment securities and merger related expenses), which is a non-GAAP measure. The Company believes EBITDA allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. EBITDA is not calculated through the application of GAAP. Accordingly, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.


Tecogen®
Energy Efficiency Reimagined
NASDAQ: TGEN
3rd Quarter 2018 Earnings Review
November 13, 2018

Participants

Benjamin Locke	Chief Executive Officer
Robert Panora	President & Chief Operating Officer
Bonnie Brown	Chief Accounting Officer

Safe Harbor Statement

This presentation and accompanying documents contain "forward-looking statements" which may describe strategies, goals, outlooks or other non-historical matters, or projected revenues, income, returns or other financial measures, that may include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," "target," "potential," "will," "should," "could," "likely," or "may" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements.

In addition to those factors described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q under "Risk Factors", among the factors that could cause actual results to differ materially from past and projected future results are the following: fluctuations in demand for our products and services, competing technological developments, issues relating to research and development, the availability of incentives, rebates, and tax benefits relating to our products and services, changes in the regulatory environment relating to our products and services, integration of acquired business operations, and the ability to obtain financing on favorable terms to fund existing operations and anticipated growth.

In addition to GAAP financial measures, this presentation includes certain non-GAAP financial measures, including adjusted EBITDA which excludes certain expenses as described in the presentation. We use Adjusted EBITDA as an internal measure of business operating performance and believe that the presentation of non-GAAP financial measures provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance by eliminating items that vary from period to period without correlation to our core operating performance and highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures.

Earnings Call Agenda

Benjamin Locke

- Introduction
- Why Tecogen
- Third Quarter Review
- Recent Achievements

Robert Panora

- Technology Update

Bonnie Brown

- Financial Review

Benjamin Locke

- Opportunities and Outlook

Q&A

Advanced Modular Cogeneration Systems

Tecogen

Heat, Power, and/or Cooling that is

- **Cheaper**
  Industry leading efficiency
- **Cleaner**
  Lower emissions thanks to efficiency and emissions technology
- **More reliable**
  Real time monitoring enables prompt service

All of Tecogen's equipment is powered by internal combustion engines that use clean, abundant natural gas and is equipped with Tecogen's patented Ultera emissions system

Sustained Positive Financial Results

- 3Q '18 Revenues of $7.9 million
- T4Q revenue of $37 million
- Revenue growth on T4Q basis year over year of 23%
- T4Q gross profit of $13.7 million
- Sustained step change to profitability originally achieved in 3Q'16
- T4Q Adjusted EBITDA* of $248K for 3Q'18
- ADG Energy production revenue contributed $616K to Gross Profit

*Adjusted EBITDA is defined as net income (loss) attributable to Tecogen Inc., adjusted for interest, depreciation and amortization, unrealized gain or loss on securities, stock based compensation expense, and one-time merger related expenses.

3Q'18 Summary of Results

Tecogen

$ in thousands	3Q'18	3Q'17	YoY Increase (Decrease)		Comments
Revenue					
Products	$ 2,765,094	$ 2,425,616	$ 339,478	14.0%	Highlighted by chiller sales
Service	3,713,770	4,519,467	(805,697)	-17.8%	Decrease in turnkey installations
Energy Production	1,459,820	1,556,115	(96,295)	-6.2%	
Total Revenue	7,938,684	8,501,198	(562,514)	-9.7%	
Gross Profit					
Products	$ 1,069,747	$ 887,101	$ 182,646		Additional gross profit from increased product sales
Service	1,196,560	1,538,013	(341,453)		
Energy Production	616,791	832,917	(216,126)		Energy production was higher than expected in 3Q'17
Total Gross Profit	2,883,098	3,258,031	(374,933)	-11.5%	
Gross Margin: %					
Products	38.7%	36.6%	2.1%		Stronger margins seen in both cogen and chiller sales
Service	32.2%	34.0%	-1.8%		Installation business brings tighter profit than contract maintenance
Energy Production	42.3%	53.5%	-11.3%		Energy production margin is in line with long term expectations
Total Gross Margin	36.3%	38.3%	-2.0%		
Operating Expenses					
General & administrative	$ 2,582,600	$ 2,427,352	$ 155,248		Merger related expenses accounts for about half of this increase
Selling	581,716	503,415	78,301		Additional selling efforts
Research and development	281,094	241,725	39,369		R&D activities in connection with the forklift project
Total Operating Expenses	3,445,410	3,172,492	272,918	8.6%	Additional R&D and selling expenses account for some of this difference
Gain (loss) on marketable securities	19,681	-	19,681		
Adjusted EBITDA (see reconciliation)	$ (258,655)	$ 295,755	$(554,410)		See detailed reconciliation

Strong Q3 product revenue growth

Consistently strong gross margin

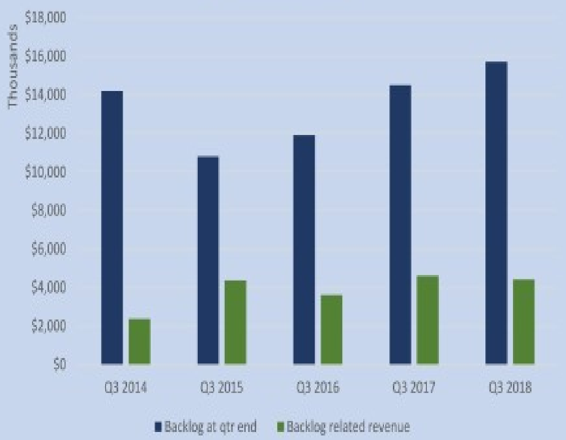
Investing in our future

Other Notable Achievements

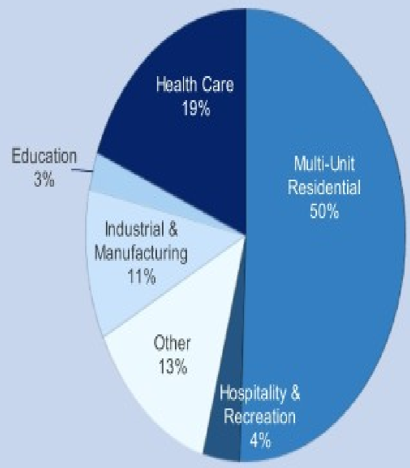
- Products
  - Maintaining compliance with UL 1741 SA requirements
  - Started customer outreach for reintroduction of TecoFrost ammonia based natural gas refrigeration system
  - Working with manufacturing partner to produce, sell first TecoFrost units in 1H-19
- Sales
  - Additional chiller sales to growing facilities, universities
  - Continued CHP sales to core markets – residential, hospitality, ESCOs
  - Several large projects slated for Q1-19 (2 MW).
- Emissions
  - Forklift truck program entering next phase
    - Heightened involvement of partner, Mitsubishi Caterpillar Forklift America Inc. (MCFA)
  - Successful permit testing of SoCal sited generators
    - Milestone achievement for natural gas emissions levels
  - Ongoing project with Research Lab partner on catalyst optimization

Product and Installation Backlog

3Q Historic Backlog



Backlog Breakdown by Customer



Quarter-end backlog of $15.7 million at 9/30/18 versus $14.5 million on 9/30/17. Backlog as of November 9, 2018 at $20.2 million.

Emissions Technology Update

Tecogen

- World LPG (Propane) Forum Paper Presented
  - October 2nd in Houston
  - Manufacturing partner named: Mitsubishi Caterpillar Forklift America Inc. (MCFA)
- Second program phase underway
  - Positive internal review at MCFA
  - MCFA preparing custom engine control software
  - Next steps:
    - Retest at Tecogen
    - Ship prototype to MCFA for evaluation
- Miscellaneous emissions
  - SoCal generator retrofit program
    - Successful third-party permit testing
  - On road Ultera development work with outside research institute progressing

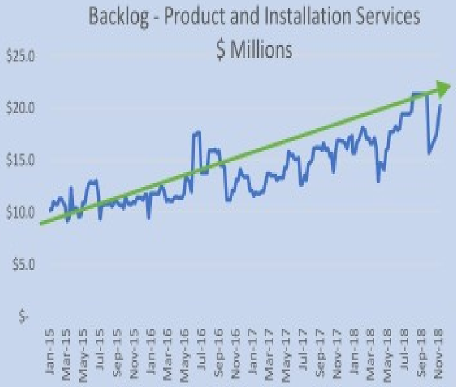
3Q '18 Financial Metrics: Revenues, Margins, Growth

Tecogen

- Four diverse revenue streams providing a mix of transactional and annuity like revenue streams
  - Product revenue grew 14%, with chillers gaining 89%, year over year
  - Product gross margin improved 6% year over year
  - Turnkey installation included in service operations facilitates both product and service revenue
  - Energy production revenue provided $1.5 million of stable cash flow with gross margin of 42.3%, exceeding expectations
- Overall gross margin of 36.3%, down by 2% year over year
- Overall gross margin on a T4Q basis of 37.1%
- Total revenue growth on a T4Q basis of 23%

	Quarter Ended September			
$ in thousands	2018	2017	YoY Growth	% of Total Rev
Revenue				
Cogeneration	$ 1,664	$ 1,842	-9.7%	21.0%
Chiller	1,101	583	88.7%	13.9%
Total Product Revenue	2,765	2,426	14.0%	34.8%
Service Contracts and Parts	2,066	2,110	-2.1%	26.0%
Installation Services	1,648	2,410	-31.6%	20.8%
Total Service Revenue	3,714	4,519	-17.8%	46.8%
Energy Production	1,460	1,556	-6.2%	18.4%
Total Revenue	$ 7,939	$ 8,501	-6.6%	100.0%
Cost of Sales				
Products	$ 1,695	$ 1,539	10.2%	
Services	2,517	2,981	-15.6%	
Energy Production	843	723	16.6%	
Total Cost of Sales	$ 5,056	$ 5,243	-3.6%	
Gross Profit	$ 2,883	$ 3,258	-11.5%	36.3%
Net loss attributable to Tecogen Inc.	$ (603)	$ 27		
Gross Margin				
Products	38.7%	36.6%		
Services	32.2%	34.0%		
Aggregate Products and Services	35.0%	34.9%		
Energy Production	42.3%	53.5%		
Overall	36.3%	38.3%		

Consistent Financial Progress

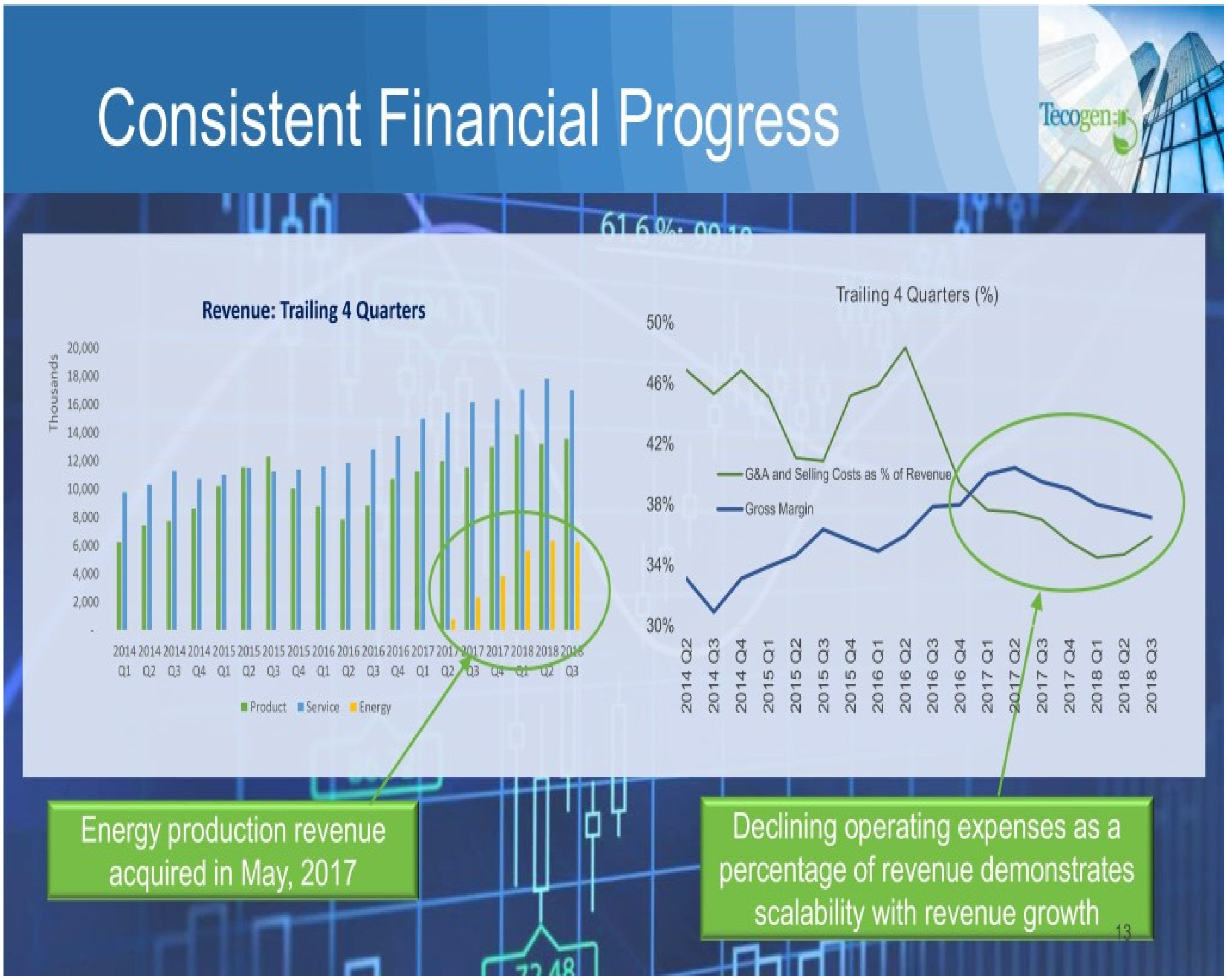


ADJUSTED EBITDA* 3Q '18 Compared to 3Q '17

Adjusted EBITDA	3Q'18	3Q'17
Non-GAAP financial disclosure		
Net income (loss) attributable to Tecogen Inc.	$ (603,037)	$ 27,211
Interest expense & other expense, net	9,531	30,393
Income tax expense	3,815	-
Depreciation & amortization, net	199,938	160,061
EBITDA	(389,753)	217,665
Stock based compensation	55,330	40,645
Merger related expenses	75,768	37,445
Adjusted EBITDA	$ (258,655)	$ 295,755

Steady growth in the backlog translates to revenue growth

*Adjusted EBITDA is defined as net income (loss) attributable to Tecogen Inc., adjusted for interest, depreciation and amortization, stock based compensation expense, unrealized gain or loss on equity securities and merger related expenses.


Consistent Financial Progress
Tecogen
Revenue: Trailing 4 Quarters
Thousands
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
-
2014 Q1 2014 Q2 2014 Q3 2014 Q4 2015 Q1 2015 Q2 2015 Q3 2015 Q4 2016 Q1 2016 Q2 2016 Q3 2016 Q4 2017 Q1 2017 Q2 2017 Q3 2017 Q4 2018 Q1 2018 Q2 2018 Q3
Product
Service
Energy
Trailing 4 Quarters (%)
50%
46%
42%
38%
34%
30%
G&A and Selling Costs as % of Revenue
Gross Margin
2014 Q2 2014 Q3 2014 Q4 2015 Q1 2015 Q2 2015 Q3 2015 Q4 2016 Q1 2016 Q2 2016 Q3 2016 Q4 2017 Q1 2017 Q2 2017 Q3 2017 Q4 2018 Q1 2018 Q2 2018 Q3
Energy production revenue acquired in May, 2017
Declining operating expenses as a percentage of revenue demonstrates scalability with revenue growth
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2018-19 Outlook

- Continue highlighting Tecogen systems as the most cost-effective, economically superior cogeneration technology
- Establish Tecogen's gas engine cooling technology as the best alternative to costly electric cooling technology.
- Take advantage of additional utility revenue streams via "smart inverter" certification
- Develop testing and retrofit plan with Forklift partner
- Initiate next phase of vehicle emissions project

Tecogen®

Advanced Modular CHP Systems

Energy Efficiency Reimagined

Q&A

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