

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 12, 2019



TECOGEN INC. (NASDAQ: TGEN)
(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)

02451
(Zip Code)

(781) 466-6400
(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.

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, \$.001 par value per share	TGEN	NASDAQ

Item 2.02 Results of Operations and Financial Condition

On November 12, 2019, the registrant issued a press release earnings commentary and supplemental information for the three and nine months ended September 30, 2019. The press release is furnished as Exhibit 99.01 to this Current Report on Form 8-K.

The information contained 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 Securities Exchange Act of 1934 (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 of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure

On November 12, 2019, 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 contained in this Item 7.01 and Exhibit 99.02 to this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (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 of 1933 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 exhibit relating to Item 5.02 shall be deemed filed with this Current Report on Form 8-K:

<u>Exhibit</u>	<u>Description</u>
99.01	Press Release dated November 12, 2019 regarding earnings for the three and nine months ended September 30, 2019.
99.02	Presentation regarding Third Quarter 2019 Earnings Review - November 12, 2019.

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.

November 12, 2019

By: /s/ Bonnie Brown

Bonnie Brown, Principal Financial & Accounting Officer



Tecogen Announces Third Quarter 2019 Results

*Increase in Revenues of 9% Year over Year,
with Growth in Chiller Sales of 94%*

WALTHAM, Mass., November 12, 2019 - Tecogen Inc. (NASDAQ:TGEN), a leading manufacturer of clean energy products, reported revenues of \$8,670,477 for the quarter ended September 30, 2019 compared to \$7,938,684 for the same period in 2018, a 9% increase in top line revenue. Consolidated gross profit for the third quarter of 2019 was \$2,831,241 compared to \$2,883,098 in the third quarter of 2018, a 2% decrease in overall gross profit year over year. Loss from operations for the third quarter of 2019 was \$538,183, compared to \$562,312 for the same period in 2018, an improvement of \$24,129 year over year. Net loss attributable to the Company was \$586,249 for the third quarter of 2019, compared to \$603,037 for the same period in 2018, an improvement of \$16,788, or 3% year over year.

Product revenue results were highlighted by growth in chiller sales of 94% year over year, with cogeneration sales remaining relatively constant compared to the prior year period. Total services related revenues for the third quarter of 2019 increased by 14% over the prior year period, due to certain time and material projects.

Overall gross margin for the third quarter of 2019 was 33% compared to 36% for the same period in 2018. Product gross margin was 34% for the third quarter of 2019 compared to 39% for the same period in 2018. Service gross margin was 29% in the third quarter of 2019 compared to 32% for the same period in 2018 due to the lower margins recognized on installation projects during the quarter. Energy production gross margin was 53% for the third quarter of 2019 compared to 42% for the same period in 2018.

On a combined basis, operating expenses decreased to \$3,369,424 for the third quarter of 2019 from \$3,445,410 in the third quarter of 2018, a decrease of \$75,986. Research and development costs increased by 30% to \$365,817, while selling expenses rose 15% to \$669,720. These fluctuations, along with the decrease in G&A costs of \$248,713, accounted for the net decrease in operating expenses.

Adjusted EBITDA⁽¹⁾, excluding the unrealized gain or loss on marketable securities, stock-compensation expense and merger related expenses, was negative \$421,757 for the third quarter of 2019 compared to negative \$258,655 for the third quarter of 2018, a decrease of \$163,102, year over year. Adjusted EBITDA⁽¹⁾ for the first nine months of 2019 was positive \$51,299 compared to negative \$284,707 for the first nine months of 2018, an improvement of \$336,006. (Adjusted EBITDA is defined as net income or loss attributable to Tecogen, adjusted for interest, income taxes, depreciation and amortization, stock-based compensation expense, unrealized gain or loss on equity securities, goodwill impairment charges 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).

"I am very happy with the growth in top line revenues for the third quarter," noted Benjamin Locke, Tecogen CEO. "We are steadily growing our chiller sales, which surpassed cogeneration sales for the first time this quarter. We expect chiller sales to continue to be strong, and we expect Tecofrost sales to contribute more to our product revenues next year. While we are disappointed in our lower than usual margins in the quarter, we believe they will return to our historic margins going forward. We have also made significant progress towards an order in excess of 3 megawatts of Inverde cogeneration equipment, which we now have included in our backlog with shipments expected in the first three quarters of 2020. We are shifting away from large turnkey installations which have lower margins, and instead are focusing on product sales, engineered accessories, and engineering support for some cogeneration projects. As a result we have removed \$8 million of installation revenues from the backlog, but have

added additional product and engineered accessories sales, bringing our backlog as of November 8, 2019, to a healthy \$23 million.”

Major Highlights:

Financial

- Chiller revenues highlighted the quarter with 94% growth and the sale of our first Tecofrost unit.
- Total revenues were \$8.7 million in the third quarter of 2019, a 9% increase from the same period in 2018.
- Energy production revenue for the quarter was \$0.6 million, a reduction from the previous year’s total by \$1.5 million. This decline is due to the sale of certain energy producing assets in the first quarter of this year.
- Overall gross margin decreased from 36% to 33%, resulting in gross profit of \$2.8 million for the quarter.
- Net loss for the three months ended September 30, 2019 was \$586,249 compared to \$603,037 for the same period in 2018, an improvement of \$16,788 or 3%, year over year.
- Net loss per share was \$0.02 for both the third quarter of 2019 and 2018.
- Adjusted EBITDA⁽¹⁾, excluding goodwill impairment, unrealized gain or loss on marketable equity securities, stock-compensation expense and merger related expenses, was positive \$51,299 for the nine months ended September 30, 2019 compared to negative \$284,707 for the same period in 2018, an improvement of \$336,006.
- Adjusted EBITDA⁽¹⁾, excluding unrealized gain or loss on marketable equity securities, stock-compensation expense and merger related expenses, was negative \$421,757 for the third quarter of 2019 compared to negative \$258,655 for the third quarter of 2018, a decrease of \$163,102.

Sales & Operations

- Sold Five STx Tecochill units to a brand new, state-of-the-art ice skating complex in the eastern US.
- Sold two 400-ton Tecochill units to a cannabis cultivation facility located in southeastern US.
- Sold additional chillers to a Connecticut university and a large New York residential building.
- Awarded a contract to supply 950 kW of Tecogen cogeneration systems to a prominent energy services company (ESCO) for eight schools in New York.
- Sold the first new Tecofrost system to a skating rink in Massachusetts.
- Expanding our manufacturer’s representatives (Rep) network to address applications for our products in areas with grid resiliency concerns.
- Current sales backlog of equipment and installations as of November 8, 2019 is \$23 million, comprised of \$8 million of installation services and \$15 million of products.

Emissions Technology

- Ultera Emissions System - Forklift Truck Application. Engineering specialists from Mitsubishi Caterpillar Forklift America Inc. (MCFA) and their engine supplier, a Japanese affiliate, visited Tecogen in October to complete the engine tuning. The work was successful in accomplishing its goal of optimizing the efficiency of the Ultera after treatment process for NOx (nitrogen oxides) removal. The data is under review by MCFA while next steps are considered.
 - Ultera Emissions System - Stationary Engines. The Company has completed the design of an upscaled Ultera system under a contract from a municipal water pumping district in Southern California. The design, configured to match two 800-horsepower Caterpillar engines, was submitted to the district for review and subsequently accepted. Orders for the Ultera kits are expected in early 2020.
 - The company received an Ultera inquiry from a second Southern California water district in September. District management expressed resistance to electrification of their gas engine pump drives and have received positive feedback from employees that had previously worked at a nearby district utilizing the Tecogen Ultera technology.
 - Ultera Emissions System - Automotive Catalyst Development. In the first phase of a program to advance the Ultera technology for mobile applications, our research activities identified a promising catalyst material to improve performance of the Ultera process. We anticipate receiving test results from the
-

subcontractor this month. The MCFA tuning success in reducing NOx has decreased the need for additional NOx reduction from this new catalyst material.

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 2019 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/ir.calendar>. Following the call, the webcast will be archived for 14 days.

The earnings conference call will be recorded and available for playback one hour after the end of the call. 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 provides cost effective, 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, Tecopower, Tecofrost and Ultra 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.

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:

Benjamin Locke

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TECOGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 780,740	\$ 272,552
Accounts receivable, net	13,049,383	14,176,452
Unbilled revenue	5,058,634	4,893,259
Inventory, net	7,058,466	6,294,862
Due from related party	—	9,405
Prepaid and other current assets	644,821	722,042
Total current assets	26,592,044	26,368,572
Property, plant and equipment, net	3,603,709	11,273,115
Right of use assets	2,294,951	—
Intangible assets, net	1,572,085	2,893,990
Goodwill	5,281,867	8,975,065
Other assets	609,666	393,651
TOTAL ASSETS	\$ 39,954,322	\$ 49,904,393
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit, bank	\$ 940,576	\$ 2,009,435
Accounts payable	6,487,743	7,153,330
Accrued expenses	2,015,111	1,528,014
Deferred revenue	1,596,416	2,507,541
Lease obligations, current	530,481	—
Total current liabilities	11,570,327	13,198,320
Long-term liabilities:		
Deferred revenue, net of current portion	157,215	2,375,700
Lease obligations, long-term	1,764,470	—
Unfavorable contract liability, net	2,644,658	6,292,599
Total liabilities	16,136,670	21,866,619
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,843,261 and 24,824,746 issued and outstanding at September 30, 2019 and December 31, 2018, respectively	24,843	24,825
Additional paid-in capital	56,573,920	56,427,928
Accumulated deficit	(32,893,550)	(28,670,095)
Total Tecogen Inc. stockholders' equity	23,705,213	27,782,658
Noncontrolling interest	112,439	255,116
Total stockholders' equity	23,817,652	28,037,774
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 39,954,322	\$ 49,904,393

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	September 30, 2019	September 30, 2018
Revenues		
Products	\$ 3,790,291	\$ 2,765,094
Services	4,248,584	3,713,770
Energy production	631,602	1,459,820
Total revenues	<u>8,670,477</u>	<u>7,938,684</u>
Cost of sales		
Products	2,515,605	1,695,347
Services	3,029,702	2,517,210
Energy production	293,929	843,029
Total cost of sales	<u>5,839,236</u>	<u>5,055,586</u>
Gross profit	<u>2,831,241</u>	<u>2,883,098</u>
Operating expenses		
General and administrative	2,333,887	2,582,600
Selling	669,720	581,716
Research and development	365,817	281,094
Total operating expenses	<u>3,369,424</u>	<u>3,445,410</u>
Loss from operations	<u>(538,183)</u>	<u>(562,312)</u>
Other income (expense)		
Interest income	192	4,168
Interest expense	(18,516)	(33,380)
Unrealized gain (loss) on investment securities	—	19,681
Total other income (expense), net	<u>(18,324)</u>	<u>(9,531)</u>
Loss before provision for state income taxes	<u>(556,507)</u>	<u>(571,843)</u>
Provision for state income taxes	7,881	3,815
Consolidated net loss	<u>(564,388)</u>	<u>(575,658)</u>
Income attributable to the noncontrolling interest	(21,861)	(27,379)
Net loss attributable to Tecogen Inc.	<u>\$ (586,249)</u>	<u>\$ (603,037)</u>
Net loss per share - basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding - basic and diluted	<u>24,843,177</u>	<u>24,819,056</u>
Non-GAAP financial disclosure ⁽¹⁾		
Net loss attributable to Tecogen Inc.	\$ (586,249)	\$ (603,037)
Interest expense, net	18,324	29,212
Income taxes	7,881	3,815
Depreciation & amortization, net	<u>95,616</u>	<u>199,938</u>
EBITDA	(464,428)	(370,072)
Stock based compensation	42,671	55,330
Unrealized (gain) loss on investment securities	—	(19,681)
Merger related expenses	—	75,768
Adjusted EBITDA	<u>\$ (421,757)</u>	<u>\$ (258,655)</u>

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Revenues		
Products	\$ 9,260,265	\$ 8,922,257
Services	13,003,529	12,894,439
Energy production	2,450,710	4,750,580
Total revenues	24,714,504	26,567,276
Cost of sales		
Products	6,005,819	5,596,272
Services	8,034,410	8,262,104
Energy production	1,458,360	2,828,405
Total cost of sales	15,498,589	16,686,781
Gross profit	9,215,915	9,880,495
Operating expenses		
General and administrative	7,672,550	8,122,856
Selling	2,067,674	1,892,229
Research and development	1,083,444	993,102
Gain on sale of assets	(1,081,049)	—
Goodwill impairment	3,693,198	—
Total operating expenses	13,435,817	11,008,187
Loss from operations	(4,219,902)	(1,127,692)
Other income (expense)		
Interest income	790	7,926
Interest expense	(63,547)	(56,195)
Unrealized loss on investment securities	(19,680)	(59,042)
Total other expense, net	(82,437)	(107,311)
Loss before provision for state income taxes	(4,302,339)	(1,235,003)
Provision for state income taxes	15,667	42,679
Consolidated net loss	(4,318,006)	(1,277,682)
(Income) loss attributable to the noncontrolling interest	94,551	(58,946)
Net loss attributable to Tecogen Inc.	\$ (4,223,455)	(1,336,628)
Net loss per share - basic and diluted	\$ (0.17)	\$ (0.05)
Weighted average shares outstanding - basic and diluted	24,838,367	24,813,936

Non-GAAP financial disclosure⁽¹⁾

Net loss attributable to Tecogen Inc.	\$ (4,223,455)	\$ (1,336,628)
Interest & other expense, net	62,757	48,269
Income taxes	15,667	42,679
Depreciation & amortization, net	362,848	586,188
EBITDA	(3,782,183)	(659,492)
Stock based compensation	120,604	133,808
Unrealized (gain) loss on marketable securities	19,680	59,042
Merger related expenses	—	181,935
Goodwill impairment	3,693,198	—
Adjusted EBITDA	\$ 51,299	\$ (284,707)

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended	
	September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	\$ (4,318,006)	\$ (1,277,682)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation, accretion and amortization, net	362,848	586,188
Gain on contract termination	—	(124,732)
Provision on inventory reserve	—	1,000
Stock-based compensation	120,604	133,808
Goodwill impairment	3,693,198	—
(Gain) loss on sale of assets	(1,081,049)	13,343
Provision for losses on accounts receivable	29,849	4,395
Non-cash interest expense	36,252	—
<i>Changes in operating assets and liabilities, net of effects of acquisitions</i>		
<i>(Increase) decrease in:</i>		
Accounts receivable	1,097,220	(1,840,150)
Unbilled revenue	(165,375)	(245,892)
Inventory	(763,604)	(853,262)
Due from related party	9,405	585,492
Prepaid expenses and other current assets	(19,586)	(43,743)
Other non-current assets	(216,015)	54,741
<i>Increase (decrease) in:</i>		
Accounts payable	(665,587)	(262,925)
Accrued expenses and other current liabilities	(203,262)	779,945
Deferred revenue	(1,142,575)	185,059
Interest payable, related party	—	(52,265)
Net cash used in operating activities	(3,225,683)	(2,356,680)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(73,642)	(273,814)
Proceeds from sale of assets	5,000,000	3,606
Purchases of intangible assets	(64,656)	(203,648)
Cash acquired in asset acquisition	—	442,746
Expenses associated with asset acquisition	—	(900)
Payment of stock issuance costs	(1,011)	(908)
Distributions to noncontrolling interest	(48,127)	(68,950)
Net cash provided by (used in) investing activities	4,812,564	(101,868)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) on revolving line of credit, net	(1,105,111)	1,853,899
Payments for debt issuance costs	—	(145,011)
Proceeds from the exercise of stock options	26,418	63,305
Payment on loan due to related party	—	(850,000)
Net cash provided by (used in) financing activities	(1,078,693)	922,193
Change in cash and cash equivalents	508,188	(1,536,355)
Cash and cash equivalents, beginning of the period	272,552	1,673,072
Cash and cash equivalents, end of the period	\$ 780,740	\$ 136,717
Supplemental disclosures of cash flows information:		
Cash paid for interest	\$ 24,729	\$ 112,460
Cash paid for taxes	\$ 29,205	\$ 44,864

⁽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 Adjusted EBITDA (net income (loss) attributable to Tecogen Inc adjusted for interest, income taxes, depreciation and amortization, stock based compensation expense, unrealized gain or loss on investment securities, goodwill impairment charges and merger related expenses), which is a non-GAAP measure. The Company believes Adjusted 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. Adjusted 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.



Energy Efficiency Reimagined

NASDAQ: TGEN

Third Quarter 2019 Earnings Review
November 12, 2019

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

- Tecogen Overview
- Q3 '19 Financial Overview
- Strategic Achievements

Bonnie Brown

- Financial Review

Robert Panora

- Ultra Emissions Update

Benjamin Locke

- Closing comments

Q&A



Advanced Modular Cogeneration Systems

Tecogen


Heat, Power, and/or Cooling that is:

 **Cheaper**

Industry leading efficiency and reduced exposure to expensive electricity

 **Cleaner**

Proprietary near-zero emissions technology, GHG reductions

 **More reliable**

Real-time monitoring, blackout protection, and improved grid resiliency

All of Tecogen's equipment is powered by efficient natural gas equipped with Tecogen's patented Ultra Emission Control

Q3 2019 Financial Results



- 3Q'19 revenues of \$8.7 million compared to \$7.9 million in 3Q'18
- 3Q'19 Net loss of \$586K compared to \$603K for 3Q '18
- 3Q'19 Overall gross margin of 33% compared to 36% in 3Q'18
- Gross profit remained relatively constant at \$2.8 million for both 3Q'19 and '18
- Adjusted EBITDA* of negative \$422K for 3Q'19 compared to negative \$259K for 3Q'18
- Working capital of \$15 million compared to \$13 million at year end 2018

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

T4Q - Revenue/Gross Profit



Adjusted EBITDA*
T4Q Total (solid line) & Average (dotted line) -
\$Thousands



Q3 2019 Revenues of \$8.7MM



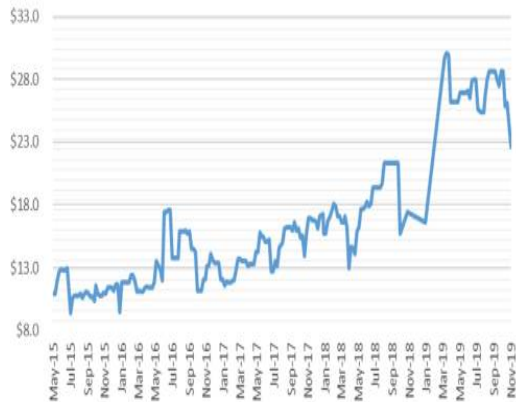
\$ in thousands	3Q'19	3Q'18	YoY Change	% Chg
Revenue				
Products	\$ 3,790	\$ 2,765	\$ 1,025	
Service	4,249	3,714	535	
Energy Production	632	1,460	(828)	
Total Revenue	8,671	7,939	732	9.2%
Gross Profit				
Products	1,275	1,070	205	
Service	1,219	1,197	22	
Energy Production	338	617	(279)	
Total Gross Profit	2,831	2,883	(52)	-1.8%
Gross Margin: %				
Products	34%	39%	-5%	
Service	29%	32%	-4%	
Energy Production	53%	42%	11%	
Total Gross Margin	33%	36%	-4%	-3.7%
Operating Expenses				
General & administrative	2,334	2,583	(249)	
Selling	670	582	88	
Research and development	366	281	85	
Total operating expenses	3,369	3,445	-76	-2.2%
Net income (loss)	\$ (586)	\$ (603)	\$ 17	2.8%
Adjusted EBITDA (see reconciliation)	\$ (422)	\$ (259)	\$ (163)	

- Increased revenues of 9.2%, led by growth in chiller sales of 94%, year over year
- Gross profit \$2.8MM for both 3Q'19 and '18
- Overall decline in operating expenses as we work to thoughtfully reduce overhead
- Continue to invest in sales and R&D

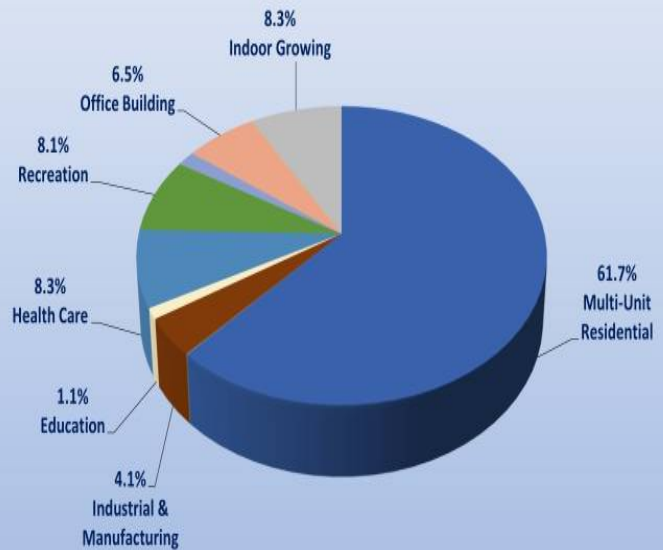
Product and Installation Backlog



Monthly Backlog - Product and Installation Services (\$ Millions)



Customer Segment



Current Backlog of \$ 22.6 million
 Product backlog: \$14.6 mm, Install backlog \$8.0 mm

Strategic Achievements



Adjusted product mix to emphasize chiller sales

↓
Less competition,
Well defined
channels to market

Reduced lower margin installation services

↓
Focus on higher
margin products and
accessories

Forklift Emissions program with Cat/Mitsubishi

↓
Potential for fleet
forklift conversion to
Ultera emissions

Growth in core business expected in 2020

↓
Product sales and
new service center in
new geography

Tecogen positioned for growth in core business while building value of Ultera emissions technology

Q3 2019 Financial Metrics: Revenues, Margins and Profitability



- Overall revenue increase of 9.2% to \$8.7 million, year over year
- Increase in product revenues of 37%, with growth in chiller sales of 94%
- Maintained YTD positive adjusted EBITDA of \$51K
- G&A expense decreased while increasing investment in sales and R&D activities
- Strong backlog of \$29 million at quarter end and \$23 million currently

Quarter Ended September 30,

\$ in thousands	2019	2018	YoY Growth	% of Total Rev
Revenue				
Cogeneration	\$ 1,656	\$ 1,664	0%	19%
Chiller	2,135	1,101	94%	25%
Total Product Revenue	3,790	2,765	37%	44%
Service Contracts and Parts	2,454	2,066	19%	28%
Installation Services	1,795	1,648	9%	21%
Total Service Revenue	4,249	3,714	14%	49%
Energy Production	632	1,460	-57%	7%
Total Revenue	\$ 8,671	\$ 7,939	9%	100%
Cost of Sales				
Products	\$ 2,516	\$ 1,695	48%	
Services	3,030	2,517	20%	
Energy Production	294	843	-65%	
Total Cost of Sales	\$ 5,839	\$ 5,056	16%	
Gross Profit	\$ 2,831	\$ 2,883	-2%	33%
Net loss attributable to Tecogen Inc.	\$ (586)	\$ (603)		
Gross Margin				
Products	34%	39%		
Services	29%	32%		
Aggregate Products and Services	31%	35%		
Energy Production	53%	42%		
Overall	33%	36%		

Adjusted EBITDA* Reconciliation



Q3 2019 and 2018 Comparative Net loss to Adjusted EBITDA* Reconciliation

- EBITDA: Interest, taxes, depreciation & amortization
- Non-cash adjustments
 - Stock based compensation
 - Unrealized loss on investment securities
 - Goodwill impairment
- Non-recurring expenses
 - Merger related expenses finalized in 2018

Maintaining positive adjusted EBITDA* on a YTD basis

*Adjusted EBITDA is defined as net income (loss) attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock-based compensation expense, goodwill impairment and merger related expenses.

Non-GAAP financial disclosure	Year To Date, September 30,	
	2019	2018
Net Income (loss) attributable to Tecogen Inc.	\$ (4,223,455)	\$ (1,336,628)
Interest expense, net	62,757	48,269
Depreciation & amortization, net	362,848	586,188
Income tax expense	15,667	42,679
EBITDA	(3,782,183)	(659,492)
Stock based compensation	120,604	133,808
Unrealized loss on investment securities	19,680	59,042
Merger related expenses	-	181,935
Goodwill impairment	3,693,198	-
Adjusted EBITDA*	\$ 51,299	\$ (284,707)

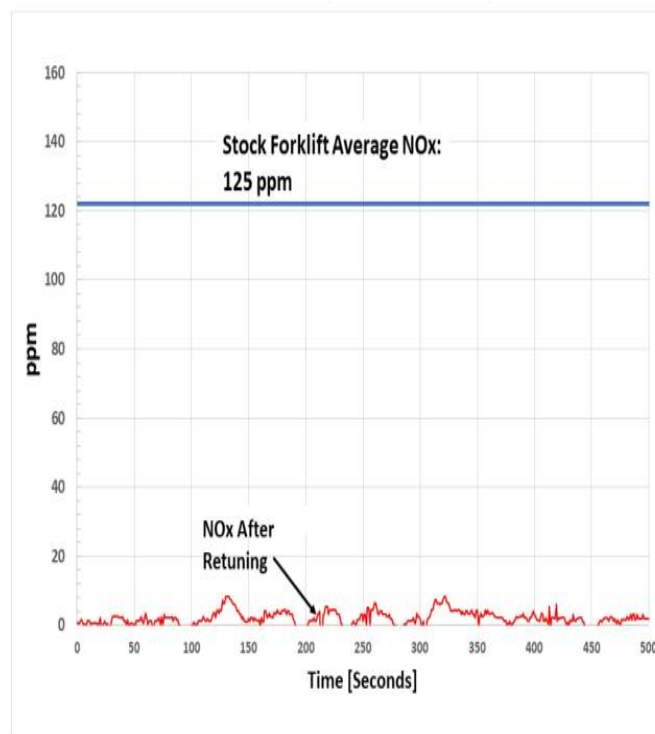
Non-GAAP financial disclosure	Quarter Ended, September 30,	
	2019	2018
Net Income (loss) attributable to Tecogen Inc.	\$ (586,249)	\$ (603,037)
Interest expense, net	18,324	9,531
Depreciation & amortization, net	95,616	199,938
Income tax expense	7,881	3,815
EBITDA	(464,428)	(389,753)
Stock based compensation	42,671	55,330
Merger related expenses	-	75,768
Adjusted EBITDA*	\$ (421,757)	\$ (258,655)

Emissions Technology Update – MCFA Forklift



- Completed collaborative effort to optimize engine tuning for Ultera
- Participants
 - Engineers from MCFA and engine supplier (Mitsubishi affiliate)
 - Tecogen development team
- Test basis
 - Driving course with multiple heavy lifts
- Highly successful outcome
 - NOx nearly eliminated (see chart)
 - Consistently reproduced in multiple tests
- Highly confident engine would easily meet “Near-Zero” certification requirement
- Awaiting formal review with MCFA and discussion of next steps

Typical Test Results for NOx Compared to Standard Factory Emissions System



Emissions Technology Update (2)



SoCal Water district pump project for upsized Ultera System

- Completed detailed design of system (Phase 1) of contract
- Design submitted and approved by district
- Specified to adapt to 800 horsepower Caterpillar natural gas engines
- Anticipate order for two systems early in 2020



New water district inquiry

- Management expressed reluctance to electrify their gas engine pumps
- Ultera recommended by internal staff familiar with Ultera systems used elsewhere
- We are encouraged by positive employee reviews and attitudes regarding engines
 - Advantages of low cost and ability to operate in outages

Ultera Automotive Catalyst Development

- Focus is alternative catalyst for added NOx removal
- Test results not received yet but MCFA tuning success decreases need for additional NOx removal

Market Outlook

Tecogen

- Strong focus on resiliency
 - California situation creates compelling opportunity
 - Increased interest in systems that reduce dependence on grid but not subject to punitive cogeneration tariffs
 - Opportunity for all of Tecogen products, including Ultra retrofits to standby generators
 - New sales channels via Reps, Sales Agents in California
- Continue to grow chiller business segment
 - Additional Tecofrost sales expected in 2020 on East Coast and West Coast
 - Expanding our sales and marketing relationship with Vilter/Emerson
- New service expansion opportunity in North America
 - Large 3+ MW InVerde order expected in Q4 with shipments starting in Q1 '20.
 - Would result in 11th North American service center
 - Additional sales expected in 2020 not currently in backlog

PG&E cut power for hundreds of thousands in Northern California

High winds, high fire danger lead to shutdown

By Christina Maxwell, Jason Hanna and Theresa Waldro, CNN

Posted: 3:22 AM, October 09, 2019

Updated: 2:54 AM, October 10, 2019

California counties hit by power shutoff



Ultra *

Application Note

May 22, 2019

Application of Ultra Emissions System to Fire Hazard Mitigation

Tecogen Inc. has retrofitted a group of natural gas engine generators in Los Angeles County with the company's Ultra emissions control system, allowing the owner to obtain a permit for continuous operation of its electrical generators (in excess of the 200 annual hours exception

*Available upon request

Closing Comments



Tecogen Value Drivers:

- Use abundant and inexpensive gas efficiently and cleanly to meet energy and resiliency needs of large facilities
- Differentiate Tecogen products and factory service capabilities in key growth markets and geographies
- Maximize margin and profitability of core business while maintaining key R&D projects
- Demonstrate Ultera emissions technology as a commercially viable cost-effective means for obtaining near-zero emissions from any gas engine system.



Q&A



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