

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: November 12, 2020



TECOGEN INC. (OTCQX: 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)

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

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.

Section 2 - Financial Information

Item 2.02. Results of Operations and Financial Condition.

On November 12, 2020, the registrant issued a press release with earnings commentary and supplemental information for the three and nine months ended September 30, 2020. 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 99.1 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.

Section 7 - Regulation FD

Item 7.01. Regulation FD Disclosure.

On November 12, 2020, the registrant presented the attached slides online in connection with an earnings conference call. Those slides are being furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information contained in this Item 7.01 and Exhibit 99.2 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.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibits relating to Items 2.02 and 7.01 are furnished, and not filed, with this Current Report on Form 8-K:

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release dated November 12, 2020 regarding earnings for the period ended September 30, 2020, filed herewith.
99.2	Slide Presentation regarding Third Quarter 2020 Earnings Review - November 12, 2020, filed herewith.

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, 2020

By: /s/ Benjamin Locke

Benjamin Locke, Chief Executive Officer



Tecogen Announces Third Quarter 2020 Results *Continued Improvement in Margin and OPEX*

WALTHAM, Mass., November 12, 2020 - Tecogen Inc. (OTCQX: TGEN), a leading manufacturer of clean energy products, reported revenues of \$7.20 million for the quarter ended September 30, 2020 compared to \$8.67 million for the same period in 2019, a 17.0% decrease. Product revenues decreased 30% to \$2.66 million compared to \$3.79 million in the same period in 2019. Gross profit for the third quarter of 2020 was \$2.79 million compared to \$2.83 million in the third quarter of 2019. Gross margin improved to 39% for the third quarter of 2020 compared to 33% for the same period in 2019. Net loss was \$232 thousand for the third quarter of 2020, compared to \$586 thousand for the same period in 2019.

Key Takeaways:

- Gross margin increased to 38.7% for Q3 2020 versus 32.7% for Q3 2019
- Operating expenses decreased by \$375 thousand (11.1%) to \$2.99 million for the third quarter of 2020 compared to \$3.37 million in the same period of 2019
- Net loss per share was \$0.01 for the third quarter of 2020 and \$0.02 for the third quarter of 2019
- Cash flows provided by operations of \$1.57 million year to date compared to cash flows used by operations of \$3.23 million for the same period in 2019
- Cash and cash equivalents at the end of the third quarter 2020 of \$1.65 million compared to \$780 thousand on September 30, 2019, an increase of 117%.

Adjusted EBITDA⁽¹⁾ was negative \$67 thousand for the third quarter of 2020 compared to negative \$422 thousand for the third quarter of 2019. (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 other non-cash non-recurring charges due to the abandonment of certain intangible assets. See table following the statements of operations for a reconciliation from net loss to Adjusted EBITDA as well as important disclosures about the company's use of Adjusted EBITDA).

On April 17, 2020, the Company obtained a Paycheck Protection Program ("PPP") loan of \$1,874,200 pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The proceeds were used for payroll, rent and utilities and, on November 10, 2020, an application was submitted for forgiveness of the full amount of the loan.

"During the third quarter we continued to experience challenges to our business and our customers as a result of the COVID-19 pandemic," commented Benjamin Locke, Tecogen's Chief Executive Officer. "Our product sales in the third quarter declined primarily due to the impact of COVID-19 related delays on projects and customer purchase decision timing. Installation revenue and Energy Production revenue also decreased as we experienced COVID-19 related disruption. On the positive side, we saw record revenues from our maintenance services, and we are cautiously optimistic that our product revenues will improve for the rest of the year. We have used the slowdown in

activity to focus on improving efficiencies and reducing operating expenses, and I am encouraged we are seeing results with our improved product and service margins.”

Sales & Operations Highlights

- Current sales backlog of equipment and installations as of September 30, 2020 is \$10.7 million, comprised of \$8.1 million of products and \$2.5 million of installation services
- Executed license agreement with Origin Engines relating to the use of Ultera emissions reduction technology on engines sold by Origin in certain markets
- Signed a Joint Sales and Marketing Agreement with a natural gas company in Canada to pursue opportunities focused on advanced natural gas cooling solutions for commercial and industrial customers
- Received order for Tecogen's proprietary Ultera emission reduction system for use by the Eastern Municipal Water District (EMWD) at its facility in Winchester, California
- Sale of Tecofrost gas engine refrigeration compressor to a food processing facility in Connecticut

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 2020 earnings call. Please begin dialing 10 minutes before the scheduled starting time. This 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/news-events>. Following the call, the recording 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 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 Ultera are registered trademarks of Tecogen Inc.

Forward Looking Statements

This press release and accompanying documents contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking

statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. For example, statements in this press release regarding the potential future impact of the COVID-19 pandemic on the Company's business and results of operations are forward-looking statements. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Such forward-looking statements include, among other things, the impact of the coronavirus pandemic on demand for our products or services, the availability of incentives, rebates and tax benefits relating to our products, changes in the regulatory environment relating to our products, competing technological developments, and the availability of financing to fund our operations and growth. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as supplemented, and Part II, Item 1A of the Company's Form 10-Q for the quarter ended September 30, 2020 ("Third Quarter Form 10-Q"), in each case under the heading "Risk Factors." The following discussion should be read in conjunction with the Third Quarter Form 10-Q filed with the Securities and Exchange Commission ("SEC") and the unaudited condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of the Third Quarter Form 10-Q. Any forward-looking statement in this release speaks only as of the date on which it is made. Except as required by law, the company assumes no obligation to update or revise any forward-looking statements.

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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TECOGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,647,471	\$ 877,676
Accounts receivable, net	8,885,455	14,569,397
Unbilled revenue	5,370,422	5,421,811
Inventory, net	7,142,799	6,405,229
Prepaid and other current assets	517,924	635,034
Total current assets	23,564,071	27,909,147
Property, plant and equipment, net	2,998,014	3,465,948
Right of use assets	1,763,795	2,173,951
Intangible assets, net	1,441,518	1,593,781
Goodwill	5,281,867	5,281,867
Other assets	198,500	691,941
TOTAL ASSETS	\$ 35,247,765	\$ 41,116,635
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit, bank	\$ —	\$ 2,402,384
Note payable, current portion	209,618	—
Accounts payable	3,815,875	5,271,756
Accrued expenses	2,650,873	2,599,366
Deferred revenue	1,328,657	2,635,619
Lease obligations, current	519,318	536,443
Total current liabilities	8,524,341	13,445,568
Long-term liabilities:		
Deferred revenue, net of current portion	125,556	145,464
Note payable, net of current portion	1,664,582	—
Lease obligations, long-term	1,344,682	1,637,508
Unfavorable contract liability, net	2,205,301	2,534,818
Total liabilities	13,864,462	17,763,358
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,850,261 and 24,849,261 issued and outstanding at September 30, 2020 and December 31, 2019, respectively	24,850	24,849
Additional paid-in capital	56,753,845	56,622,285
Accumulated deficit	(35,467,309)	(33,379,114)
Total Tecogen Inc. stockholders' equity	21,311,386	23,268,020
Noncontrolling interest	71,917	85,257
Total stockholders' equity	21,383,303	23,353,277
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 35,247,765	\$ 41,116,635

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	September 30, 2020	September 30, 2019
Revenues		
Products	\$ 2,659,635	\$ 3,790,291
Services	4,171,377	4,248,584
Energy production	368,695	631,602
Total revenues	<u>7,199,707</u>	<u>8,670,477</u>
Cost of sales		
Products	1,593,500	2,515,605
Services	2,621,855	3,029,702
Energy production	197,608	293,929
Total cost of sales	<u>4,412,963</u>	<u>5,839,236</u>
Gross profit	<u>2,786,744</u>	<u>2,831,241</u>
Operating expenses		
General and administrative	2,318,789	2,333,887
Selling	563,857	669,720
Research and development	111,253	365,817
Total operating expenses	<u>2,993,899</u>	<u>3,369,424</u>
Loss from operations	<u>(207,155)</u>	<u>(538,183)</u>
Other income (expense)		
Interest income	(12)	192
Interest expense	(4,845)	(18,516)
Total other income (expense), net	<u>(4,857)</u>	<u>(18,324)</u>
Loss before provision for state income taxes	<u>(212,012)</u>	<u>(556,507)</u>
Provision for state income taxes	9,397	7,881
Consolidated net loss	<u>(221,409)</u>	<u>(564,388)</u>
Income attributable to the noncontrolling interest	(10,511)	(21,861)
Net loss attributable to Tecogen Inc.	<u>\$ (231,920)</u>	<u>\$ (586,249)</u>
Net loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding - basic and diluted	<u>24,850,261</u>	<u>24,843,177</u>

Non-GAAP financial disclosure ⁽¹⁾

Net loss attributable to Tecogen Inc.	\$ (231,920)	\$ (586,249)
Interest expense, net	4,857	18,324
Income taxes	9,397	7,881
Depreciation & amortization, net	100,304	95,616
EBITDA	<u>(117,362)</u>	<u>(464,428)</u>
Stock based compensation	50,582	42,671
Adjusted EBITDA	<u>\$ (66,780)</u>	<u>\$ (421,757)</u>

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

Nine Months Ended

	September 30, 2020	September 30, 2019
Revenues		
Products	\$ 8,752,908	\$ 9,260,265
Services	12,448,671	13,003,529
Energy production	1,395,886	2,450,710
Total revenues	22,597,465	24,714,504
Cost of sales		
Products	5,298,750	6,005,819
Services	7,925,925	8,034,410
Energy production	887,888	1,458,360
Total cost of sales	14,112,563	15,498,589
Gross profit	8,484,902	9,215,915
Operating expenses		
General and administrative	7,645,729	7,672,550
Selling	2,022,027	2,067,674
Research and development	641,616	1,083,444
Gain on sale of assets	—	(1,081,049)
Goodwill impairment	—	3,693,198
Total operating expenses	10,309,372	13,435,817
Loss from operations	(1,824,470)	(4,219,902)
Other income (expense)		
Interest income	11,953	790
Interest expense	(121,084)	(63,547)
Unrealized loss on investment securities	(98,403)	(19,680)
Total other expense, net	(207,534)	(82,437)
Loss before provision for state income taxes	(2,032,004)	(4,302,339)
Provision for state income taxes	27,791	15,667
Consolidated net loss	(2,059,795)	(4,318,006)
(Income) loss attributable to the noncontrolling interest	(28,400)	94,551
Net loss attributable to Tecogen Inc.	\$ (2,088,195)	(4,223,455)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.17)
Weighted average shares outstanding - basic and diluted	24,850,257	24,838,367

Non-GAAP financial disclosure⁽¹⁾

Net loss attributable to Tecogen Inc.	\$ (2,088,195)	\$ (4,223,455)
Interest & other expense, net	109,131	62,757
Income taxes	27,791	15,667
Depreciation & amortization, net	293,941	362,848
EBITDA	(1,657,332)	(3,782,183)
Stock based compensation	132,312	120,604
Unrealized loss on marketable securities	98,403	19,680
Non-cash abandonment of intangible assets	179,944	—
Goodwill impairment	—	3,693,198
Adjusted EBITDA	\$ (1,246,673)	\$ 51,299

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

	Nine Months Ended	
	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	\$ (2,059,795)	\$ (4,318,006)
<i>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</i>		
Depreciation, accretion and amortization, net	293,941	362,848
Stock-based compensation	132,312	120,604
Goodwill impairment	—	3,693,198
Gain on sale of assets	—	(1,081,049)
Provision for losses on accounts receivable	—	29,849
Unrealized loss on marketable securities	98,403	19,680
Abandonment of intangible assets	179,944	—
Non-cash interest expense	51,190	36,252
<i>Changes in operating assets and liabilities, net of effects of acquisitions</i>		
(Increase) decrease in:		
Accounts receivable	5,683,941	1,097,220
Unbilled revenue	51,389	(763,604)
Inventory	(737,570)	(165,375)
Due from related party	—	9,405
Prepaid expenses and other current assets	117,109	(19,586)
Other non-current assets	692,484	(235,695)
Increase (decrease) in:		
Accounts payable	(1,455,881)	(665,587)
Accrued expenses and other current liabilities	145,848	(203,262)
Deferred revenue	(1,619,696)	(1,142,575)
Net cash provided by (used in) operating activities	<u>1,573,619</u>	<u>(3,225,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(59,952)	(73,642)
Proceeds from sale of assets	—	5,000,000
Purchases of intangible assets	(123,252)	(64,656)
Payment of stock issuance costs	(1,951)	(1,011)
Distributions to noncontrolling interest	(41,740)	(48,127)
Net cash provided by (used in) investing activities	<u>(226,895)</u>	<u>4,812,564</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on revolving line of credit, net	(2,452,329)	(1,105,111)
Proceeds from note payable	1,874,200	—
Proceeds from the exercise of stock options	1,200	26,418
Net cash used in financing activities	<u>(576,929)</u>	<u>(1,078,693)</u>
Change in cash and cash equivalents	769,795	508,188
Cash and cash equivalents, beginning of the period	877,676	272,552
Cash and cash equivalents, end of the period	<u>\$ 1,647,471</u>	<u>\$ 780,740</u>
Supplemental disclosures of cash flows information:		
Cash paid for interest	\$ 62,007	\$ 24,729
Cash paid for taxes	\$ 27,791	\$ 29,205

⁽¹⁾ Non-GAAP Financial Measures

In addition to reporting net income, a U.S. generally accepted accounting principles ("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 other non-cash non-recurring charges due to abandonment of certain intangible assets), 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.



Tecogen:ii[®]

OCTQX: TGEN

THIRD QUARTER 2020

Earnings Call

November 12, 2020

Participants



Benjamin Locke

♻️ Chief Executive Officer

Robert Panora

♻️ President & Chief Operating Officer

Jack Whiting

♻️ General Counsel & Secretary

Safe Harbor Statement



Tecogen

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



Agenda:

- 🌱 Tecogen Overview
- 🌱 3Q 2020 Results
- 🌱 3Q 2020 Performance by Segment
- 🌱 3Q 2020 Earnings Takeaways
- 🌱 Ultra Emissions Update
- 🌱 Q&A



Tecogen Overview



Clean and Efficient Energy Systems

Leader in Distributed Generation Technology

- *Unmatched efficiency of air-conditioning and cooling systems*
- *Ultera technology ensures emissions compliance in most stringent US districts*
- *Enable black-start and off-grid power generation*
- *Ranked 3rd in quantity of microgrids deployed in US*

Positioned For Low Carbon Future

- *High efficiency enables significant carbon reductions compared to heating and cooling systems dependent on grid*

Proprietary Ultera Emissions Technology

- *Demonstrated success across range of engine brands and sizes*
- *Considering options to expand commercialization*



3Q 2020 Results



- Revenue = \$7.2 million
 - Compared to \$8.67 million in 3Q'19, 18.5% decrease
 - Product revenue down 30%
 - Service down 2% due to decreased installation activity
 - O&M service contract revenue hits record of \$2.6 million (up 6% YoY)
 - Energy production down 42% due to facility closures

- Gross Margin = 39%
 - Improved Products and Service margins

- Op Ex = \$3.0 mm
 - Reduced OpEx by 11% vs. 3Q'19

- Net loss of \$232 thousand
 - Compared to \$586 thousand loss in 2Q '19

- Adjusted EBITDA = negative \$67K
 - Compared to negative \$422K 3Q '19

\$ in thousands	3Q'20	3Q'19	YoY Change	% Chg
Revenue				
Products	\$ 2,660	\$ 3,790	\$ (1,130)	
Service	4,171	4,249	(78)	
Energy Production	369	632	(263)	
Total Revenue	7,200	8,671	(1,471)	-18.5%
Gross Profit				
Products	1,066	1,275	(209)	
Service	1,550	1,219	331	
Energy Production	171	338	(167)	
Total Gross Profit	2,787	2,831	(44)	-1.5%
Gross Margin: %				
Products	40%	34%	6%	
Service	37%	29%	8%	
Energy Production	46%	53%	-7%	
Total Gross Margin	39%	33%	6%	6.1%
Operating Expenses				
General & administrative	2,319	2,334	(15)	
Selling	564	670	(106)	
Research and development	111	366	(255)	
Total operating expenses	2,994	3,369	(376)	-10.9%
Net income (loss)	\$ (232)	\$ (586)	\$ 354	58.8%
Adjusted EBITDA (see reconciliation)	\$ (67)	\$ (422)	\$ 355	

*Adjusted EBITDA is defined as net income (loss) attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock-based compensation expense, unrealized loss on investment securities, non-cash abandonment of intangible assets and goodwill impairment.

3Q 2020 Results (Continued)

The Tecogen logo features the company name in a green, sans-serif font, accompanied by a stylized green leaf icon to its right.

Reconciliation of 3Q 2020 and 2019 Net loss to Adjusted EBITDA

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA Non-cash adjustments

- Stock based compensation
- Unrealized loss on investment securities
- Non-cash abandonment of intangible assets
- Goodwill impairment

Non-GAAP financial disclosure	Quarter Ended, September 30,	
	2020	2019
Net loss attributable to Tecogen Inc.	\$ (231,920)	\$ (586,249)
Interest expense, net	4,857	18,324
Depreciation & amortization, net	100,304	95,616
Income tax expense	9,397	7,881
EBITDA	(117,362)	(464,428)
Stock based compensation	50,582	42,671
Adjusted EBITDA*	\$ (66,780)	\$ (421,757)

Adjusted EBITDA improvement, continue to eliminate costs

- OPEX spending decreased 11% YOY
- Lower interest expense

3Q '20 Performance by Segment



Product Sales Slowed by
Project Delays

Service Contracts/Parts
Recovered in 3Q

Energy Production
Revenue Slowed by COVID

Q3 Revenue (\$k)	2020	2019	YoY Growth	% of Total Rev
Revenue				
Cogeneration	\$ 1,890	\$ 1,656	14%	26%
Chiller	770	2,135	-64%	11%
Total Product Revenue	2,660	3,790	-30%	37%
Service Contracts and Parts	2,612	2,454	6%	36%
Installation Services	1,559	1,795	-13%	22%
Total Service Revenue	4,171	4,249	-2%	58%
Energy Production	369	632	-42%	5%
Total Revenue	\$ 7,200	\$ 8,671	-17%	100%

Q3 Gross Margin	2020	2019	Target
Overall	39%	33%	35-40%

3Q '20 Earnings Takeaways

Tecogen

Core Business Segments Performed Well Despite COVID Challenges

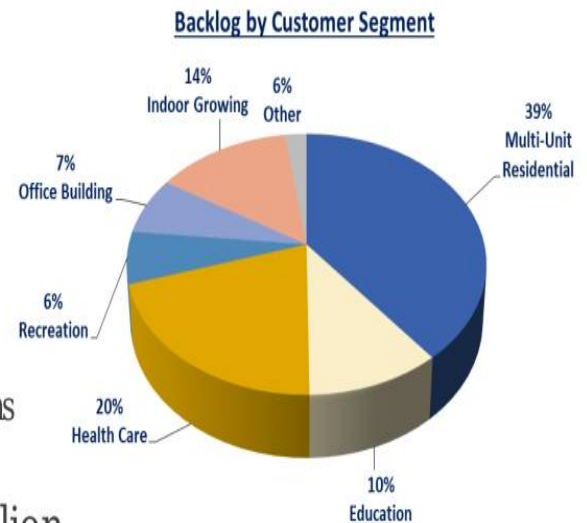
- Product sales segment down YoY, Quarter over Quarter
- Service revenue segment down only 2% despite COVID
- Energy production segment still disrupted by COVID

Sustainable Corporate Improvements

- Reduced OpEx by 5% YoY, 11% Quarter over Quarter
- Improved AR collections, payment schedules, vendor terms
- More efficient and streamlined corporate functions

Current Sales Backlog (11/11/20) = \$10.1 million

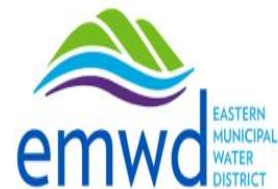
- Product backlog = \$8.5 million
- Installation backlog = \$1.6 million



Ultra Emissions Update

Tecogen

- ↳ Completed Licensing Agreement With Origin Engines Co.
 - ↳ OEM engine supplier to multiple natural gas and propane markets
 - ↳ Including forklifts, generators, and water pumps
 - ↳ Significantly expands Ultra commercial potential
- ↳ California water district large engine Ultra kit order
 - ↳ In process, components being fabricated
- ↳ Catalyst Development
 - ↳ Highly promising formulation identified
 - ↳ Pursuing further development with research partner
- ↳ MCFA program
 - ↳ On hold pending lifting of COVID travel restrictions



Q&A



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