

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: March 11, 2021



**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.

**Item 2.02. Results of Operations and Financial Condition.**

On March 11, 2021, the registrant issued a press release with earnings commentary and supplemental information for the three and twelve months ended December 31, 2020. 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 Current Report on 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 March 11, 2021, the registrant presented the attached slides online in connection with an earnings conference call. The 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 99.02 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 Items 2.02 and 7.01 shall be deemed to be furnished, and not filed:

<u>Exhibit</u>	<u>Description</u>
99.01	<a href="#">Earnings Release dated March 11, 2021 for the three and twelve months ended December 31, 2020.</a>
99.02	<a href="#">Year-End 2020 Earnings Presentation dated March 11, 2021.</a>

**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

TECOGEN INC.

duly authorized.

March 11, 2021

By: /s/ Benjamin Locke

\_\_\_\_\_  
Benjamin Locke, Chief Executive Officer



## Tecogen Reports 2020 Results

WALTHAM, Mass., March 11, 2021, Tecogen Inc. (OTCQX:TGEN, the "Company"), a leading manufacturer of clean energy products, reported revenues of \$28.3 million for the year ended December 31, 2020 compared to \$33.4 million for 2019, a 15.5% decrease. All segments were adversely impacted by business interruptions resulting from the COVID-19 pandemic. Product revenues decreased to \$10.5 million in 2020 from \$13.0 million in 2019, and service revenues were \$15.9 million in 2020 compared to \$17.3 million for the same period in 2019 due to a decline in installation activity. Energy Production revenue decreased to \$1.8 million in 2020 from \$3.1 million in 2019.

### *Key Takeaways:*

- Gross profit was \$10.8 million for the year ended December 31, 2020 compared to \$12.5 million for the prior year. Gross margin for 2020 improved to 38.3% compared to 37.3% for 2019.
- Operating expenses for the 4th quarter, excluding one-time adjustments for bad debt, goodwill impairment, and patent write-downs, decreased 23% as compared to Q4 2019.
- Net loss was \$6.2 million versus a loss of \$4.7 million in 2019 primarily due to one-time goodwill impairments in both years and increased reserves for bad debt. Net loss, exclusive of goodwill and long-lived assets impairment and other one-time adjustments for the year ended December 31, 2020 was \$2.4 million compared to a loss of \$1.0 million for the same period in 2019.
- Cash flows provided by operations for 2020 were \$1.4 million compared to cash flows used in operations of \$4.5 million in 2019, representing a \$5.9 million improvement in operating cash flows.
- Cash and cash equivalents were \$1.5 million at December 31, 2020 compared to \$0.9 million at December 31, 2019, an increase of \$0.6 million.
- Executed a license agreement with Origin Engines relating to the use of our Ultra emissions reduction technology with engines supplied by Origin to a range of customers.
- Added U.S. Patents 10,774,720 and 10,774,724 to our intellectual property portfolio.

Adjusted EBITDA<sup>(1)</sup> was a loss of \$0.9 million and \$2.2 million for the quarter and year ended December 31, 2020, respectively, compared to a loss of \$0.3 million and \$0.2 million for the quarter and year ended December 31, 2019, respectively. This reduction in Adjusted EBITDA was due to reduced margin on lower revenues and increased provisions for bad debt. (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. 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 January 19, 2021, we received a letter dated January 12, 2021 from Webster Bank, NA confirming that the Paycheck Protection Program Loan granted to us on April 17, 2020 pursuant to the CARES Act in the original principal amount of \$1,874,200 together with all accrued interest thereon was forgiven in full as of January 11, 2021. The loan forgiveness amount which aggregates to \$1,886,933, including \$12,733 of accrued interest, will be recognized in the first quarter of 2021 and will be accounted for as debt extinguishment in our consolidated statements of operations.

On February 5, 2021, we obtained a Paycheck Protection Program Second Draw unsecured loan through Webster Bank in the amount of \$1,874,269 pursuant to the CARES Act. We intend to use the loan proceeds for payroll, rent, utilities and other operating expenses, and expect to apply for forgiveness of the loan balance as permitted under the CARES Act.

"2020 was a challenging year for many businesses," commented Benjamin Locke, Tecogen CEO. "The COVID-19 pandemic had many negative impacts on our business with regard to facility closures and construction slowdowns. We took the opportunity of a slower 2020 to reduce operational costs and strengthen our balance sheet. We reduced our receivable and unbilled revenue balances resulting in positive cash flows from operations. We are beginning to see the return of normal business activities and are encouraged that our service maintenance agreement revenues continue to grow sequentially quarter over quarter despite the slowdown. I am optimistic that our reduced operating costs combined with a strengthened balance sheet positions Tecogen for a rebound as the COVID-19 vaccine distribution progresses and normal business activities resume."

### ***Sales and Operations Highlights***

- Sales backlog of product and installation projects was \$8.3 million on December 31, 2020. Product and installation backlog was \$9.3 million as of March 9, 2021.
- Commissioned 26 InVerde units for operation in Toronto, Canada.
- Established Teaming Agreement with Ainsworth, a Toronto based company providing high quality technical trade services establishing Tecogen as its preferred CHP partner.
- Sold five Tecochill chillers to cannabis cultivation facilities in Massachusetts and New Jersey, bringing the total number of cannabis cultivation facilities using our equipment to twenty.

### ***Research and Development Highlights***

In 2020, Company R&D expense amounted to \$767 thousand for product development and improvement, product certifications, and patents. Key activities are summarized below.

- Issued policy paper entitled "Building Electrification Policy and Combined Heat and Power Relevance." The paper gives an in-depth analysis of why electrification policy is generally counterproductive to its carbon reduction goals when compared to combined heat and power (CHP) systems.
- Extended the program with our research subcontractor, Southwest Research Institute (SwRI), to produce full size catalyst elements for evaluation in our engine test laboratory. The advanced formulation, which we believe is patentable, developed by SwRI has shown superior performance in their test simulations of the Ultera process for a range of pollutants, including nitrogen oxides but with a potential for significantly reduced cost.

- Executed a license agreement with Origin Engines relating to the use of Tecogen's Ultra emissions reduction technology with engines they supply to a range of customers including forklift trucks.
- The Propane Education and Research Council (PERC) displayed a forklift truck retrofitted with an Ultra emissions control system at MODEX 2020, the leading trade show showcasing material handling technology.
- Awarded runner-up for best presentation of forklift technology at the World LP Gas Association's Global Technology Conference, an annual international forum to highlight new innovations in propane technologies.
- Received order from a Southern California water district for the design (Phase 1) and manufacture (Phase 2) of an Ultra after-treatment system for two new 800-horsepower Caterpillar natural gas engines to drive municipal water pumps. Both systems are expected to ship in Q1 2021.
- Validated core patent for Ultra emissions reduction technology in 19 EU countries, including the United Kingdom, Germany and France, all key markets for potential commercialization.
- Two additional patents issued for our Ultra emissions reduction technology entitled "NOx Reduction Using a Dual-Stage Catalyst System with Intercooling in Vehicle Gasoline Engines under Real Driving Conditions" (US patent No. 10,774,720) and "Dual Stage Internal Combustion Engine Aftertreatment System Using Exhaust Gas Intercooling and Charger Driven Air Ejector" (US Patent No. 10,774,724)

#### **Conference Call Scheduled for Today at 11:00 am ET**

Tecogen will host a conference call today to discuss the fourth quarter and year end results beginning at 11:00 a.m. ET. To listen to the call dial **(877) 407-7186 within the US and Canada or (201) 689-8052 from other international locations**. Participants should ask to be joined to the Tecogen year-end 2020 earnings call. We suggest call participants begin dialing at least 10 minutes before the scheduled starting time. The earnings press release will be available on the Company website at [www.Tecogen.com](http://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 <http://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.](http://www.tecogen.com) 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](http://www.tecogen.com) or contact us for a free [Site Assessment](#).

Tecogen, InVerde e+, Ilios, Tecochill, Tecopower, Tecofrost and Ultra are registered 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. 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**  
**CONSOLIDATED BALANCE SHEETS**  
As of December 31, 2020 and 2019  
(unaudited)

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,490,219	\$ 877,676
Accounts receivable, net	8,671,163	14,569,397
Unbilled revenue	4,267,249	5,421,811
Inventory, net	7,168,596	6,405,229
Prepaid and other current assets	597,144	635,034
Total current assets	22,194,371	27,909,147
Property, plant and equipment, net	2,283,846	3,465,948
Right of use assets	1,632,574	2,173,951
Intangible assets, net	1,360,319	1,593,781
Goodwill	2,406,156	5,281,867
Other assets	196,387	691,941
<b>TOTAL ASSETS</b>	<b>\$ 30,073,653</b>	<b>\$ 41,116,635</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Note payable, current portion	\$ 837,861	\$ —
Revolving line of credit, bank	—	2,402,384
Accounts payable	4,183,105	5,271,756
Accrued expenses	1,993,471	2,599,366
Deferred revenue	1,294,157	2,635,619
Lease obligations, current	506,514	536,443
Total current liabilities	8,815,108	13,445,568
Long-term liabilities:		
Deferred revenue, net of current portion	115,329	145,464
Note payable, net of current portion	1,036,339	—
Lease obligations, long-term	1,222,492	1,637,508
Unfavorable contract liability, net	1,617,051	2,534,818
Total liabilities	12,806,319	17,763,358
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Tecogen Inc. shareholders' equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,850,261 and 24,849,261 issued and outstanding at December 31, 2020 and 2019, respectively	24,850	24,849
Additional paid-in capital	56,814,428	56,622,285
Accumulated deficit	(39,529,621)	(33,379,114)
Total Tecogen Inc. stockholders' equity	17,309,657	23,268,020
Noncontrolling interest	(42,323)	85,257
Total stockholders' equity	17,267,334	23,353,277
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 30,073,653</b>	<b>\$ 41,116,635</b>

**TECOGEN INC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Three Months Ended December 31, 2020 and 2019  
(unaudited)

	2020	2019
Revenues		
Products	\$ 1,781,188	\$ 3,717,631
Services	3,434,631	4,304,189
Energy production	441,295	690,124
Total Revenues	<u>5,657,114</u>	<u>8,711,944</u>
Cost of sales		
Products	1,175,018	2,379,755
Services	1,857,727	2,773,732
Energy production	281,758	295,620
Total Cost of Sales	<u>3,314,503</u>	<u>5,449,107</u>
Gross profit	<u>2,342,611</u>	<u>3,262,837</u>
Operating expenses		
General and administrative	2,833,965	2,707,338
Selling	571,141	617,527
Research and development	125,707	376,651
Gain on sales of assets	(32)	—
Long-lived asset impairment	71,963	—
Goodwill impairment	2,875,711	—
Total operating expenses	<u>6,478,455</u>	<u>3,701,516</u>
Loss from operations	<u>(4,135,844)</u>	<u>(438,679)</u>
Other income (expense)		
Interest and other expense	(14,432)	143
Interest expense	(4,741)	(38,304)
Total other expense, net	<u>(19,173)</u>	<u>(38,161)</u>
Loss before income taxes	<u>(4,155,017)</u>	<u>(476,840)</u>
Income tax provision	2,380	(473)
Consolidated net loss	<u>(4,157,397)</u>	<u>(476,367)</u>
(Income) loss attributable to the noncontrolling interest	<u>95,084</u>	<u>(9,197)</u>
Net loss attributable to Tecogen Inc	<u>\$ (4,062,313)</u>	<u>\$ (485,564)</u>
Net loss per share - basic and diluted	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding - basic and diluted	<u>24,850,261</u>	<u>24,844,674</u>



<b>Non-GAAP financial disclosure <sup>(1)</sup></b>			
Net loss attributable to Tecogen Inc	\$	(4,062,313)	\$ (485,564)
Interest expense, net		4,741	38,161
Provision for income taxes		2,380	(473)
Depreciation and amortization, net		120,186	74,254
EBITDA		(3,935,006)	(373,622)
Stock-based compensation		58,632	42,860
Unrealized loss on securities		—	—
Inventory write down		—	—
Long-lived asset impairment		71,963	—
Goodwill impairment		2,875,711	—
Adjusted EBITDA	\$	(928,700)	\$ (330,762)

**TECOGEN INC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2020 and 2019  
(unaudited)

	2020	2019
Revenues		
Products	\$ 10,534,096	\$ 12,977,896
Services	15,883,302	17,307,718
Energy production	1,837,181	3,140,834
Total Revenues	28,254,579	33,426,448
Cost of sales		
Products	6,473,768	8,385,574
Services	9,783,652	10,808,142
Energy production	1,169,645	1,753,980
Total Cost of Sales	17,427,065	20,947,696
Gross profit	10,827,514	12,478,752
Operating expenses		
General and administrative	10,311,086	10,380,143
Selling	2,593,168	2,685,200
Research and development	767,323	1,460,096
Gain on sales of assets	(11,367)	(1,081,304)
Long-lived asset impairment	251,906	—
Goodwill impairment	2,875,711	3,693,198
Total operating expenses	16,787,827	17,137,333
Loss from operations	(5,960,313)	(4,658,581)
Other income (expense)		
Interest and other income	(2,479)	933
Interest expense	(125,824)	(101,851)
Unrealized loss on investment securities	(98,404)	(19,680)
Other expense, net	(226,707)	(120,598)
Loss before income taxes	(6,187,020)	(4,779,179)
State income tax provision	30,171	15,194
Consolidated net loss	(6,217,191)	(4,794,373)
Loss attributable to the noncontrolling interest	66,684	85,354
Net loss attributable to Tecogen Inc.	\$ (6,150,507)	\$ (4,709,019)
Net loss per share - basic and diluted	\$ (0.25)	\$ (0.19)
Weighted average shares outstanding - basic and diluted	24,850,258	24,839,957

<b>Non-GAAP financial disclosure<sup>(1)</sup></b>	2020	2019
Net income (loss) attributable to Tecogen Inc	\$ (6,150,507)	\$ (4,709,019)
Provision for income taxes	30,171	15,194
Interest expense, net	125,824	100,918
Depreciation and amortization, net	414,127	437,102
EBITDA	(5,580,385)	(4,155,805)
Stock-based compensation	190,944	163,464
Unrealized loss on investment securities	98,404	118,084
Goodwill impairment	2,875,711	3,693,198
Asset impairment	251,906	—
Adjusted EBITDA	\$ (2,163,420)	\$ (181,059)

**TECOGEN INC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2020 and 2019  
(unaudited)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated net loss	\$ (6,217,191)	\$ (4,794,373)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation, accretion and amortization, net	414,127	437,102
Long-lived asset impairment	251,906	—
Gain on sale of assets	(11,367)	(1,081,304)
Provision for losses on accounts receivable	656,397	48,000
Provision for inventory reserve	86,000	—
Unrealized loss on investment securities	98,404	19,680
Stock-based compensation	190,944	163,464
Goodwill impairment	2,875,711	3,693,198
Non-cash interest expense	51,190	43,669
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in:		
Accounts receivable	5,555,235	(440,945)
Inventory, net	(849,367)	(110,367)
Unbilled revenue	1,154,562	(528,452)
Due from related party	—	9,405
Prepaid expenses and other current assets	37,889	(9,545)
Other non-current assets	825,817	(317,970)
Increase (decrease) in:		
Accounts payable	(1,088,651)	(1,881,574)
Accrued expenses and other current liabilities	(524,358)	380,993
Deferred revenue	(2,100,011)	(115,223)
Net cash provided by (used in) operating activities	1,407,237	(4,484,242)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(59,952)	(95,643)
Proceeds on sale of property and equipment	26,335	5,000,000
Purchases of intangible assets	(123,252)	(110,683)
Payment of stock issuance costs	—	(2,700)
Distributions to non-controlling interest	(60,896)	(84,505)
Net cash (used in) provided by investing activities	(217,765)	4,706,469
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
(Payments) proceeds on revolving line of credit, net	(2,452,329)	349,280
Proceeds from note payable	1,874,200	—
Proceeds from exercise of stock options	1,200	33,617
Net cash (used in) provided by financing activities	(576,929)	382,897
Change in cash and cash equivalents	612,543	605,124
Cash and cash equivalents, beginning of the year	877,676	272,552
Cash and cash equivalents, end of the year	\$ 1,490,219	\$ 877,676

***(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, goodwill impairment, one-time inventory adjustment 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: 

OTCQX: TGEN

FOURTH QUARTER &  
FISCAL 2020 YEAR END

Earnings Call

March 11, 2021

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# Participants



Benjamin Locke

🌱 Chief Executive Officer

Robert Panora

🌱 President & Chief Operating Officer

Jack Whiting

🌱 General Counsel & Secretary



# 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



## Agenda:

- 🌱 Tecogen Overview
- 🌱 Key Takeaways
- 🌱 Q4 and 2020 Results
- 🌱 Ultera Emissions Update
- 🌱 Final Comments
- 🌱 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 3<sup>rd</sup> 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*





# 4Q, FY '20 Earnings Takeaways

## COVID Challenges to Core Business Segments

- Product sales down YoY, Quarter over Quarter
- Service contracts/parts revenue increased 4% despite COVID closures
- Installations expected to resume as COVID restrictions dissipate
- Energy production revenues slower to rebound

## Increasing Cash Position

- Generated \$1.4 million cash from operations compared to cash flow used in operations of \$4.5 million in 2019
- Year end cash and equivalent balance of \$1.49 million

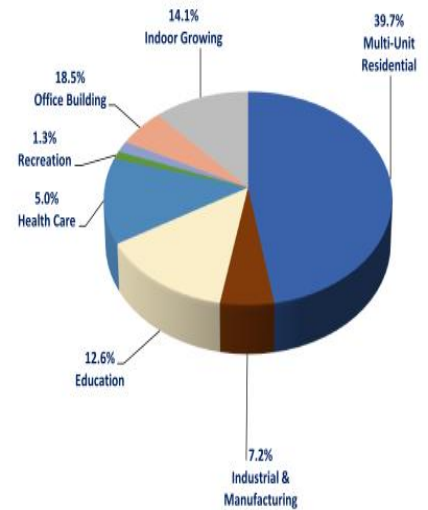
## Sustainable Corporate Improvements

- Reduced OpEx by 10% YoY, 23% Quarter over Quarter
- More efficient and streamlined corporate functions
- PPP loan forgiven in Jan
- Received \$1.9M PPP Second Draw loan in Feb.

## Current Backlog = \$9.3 million

- Product backlog = \$8.9 million
- Installation backlog = \$0.4 million

Sales Backlog



# 4th Quarter 2020 Results



## Revenue = \$5.7 million

- Compared to \$8.7 million in 4Q'19, 35% decrease
- Product revenue down 52%
- Service down 20% due to decreased installation activity.
- Maintenance contract revenue increased 4%
- Energy production down 42% due to facility closures

## Gross Margin = 41%

## Op Ex = \$3.5 mm

- Excluding one-time bad debt provision, reduced OpEx by 23% vs. 4Q'19 to \$2.87mm

## Net loss of \$4.1 million

- Includes \$2.88 million Goodwill Impairment
- Compared to \$486 thousand loss in 4Q '19

## Adjusted EBITDA = -\$929K

- Compared to -\$331K 4Q '19

\$ in thousands	4Q'20	4Q'19
Revenue		
Products	\$ 1,781	\$ 3,718
Service	3,435	4,304
Energy Production	441	690
Total Revenue	5,657	8,712
Gross Profit		
Products	606	1,338
Service	1,577	1,530
Energy Production	160	395
Total Gross Profit	2,343	3,263
Gross Margin: %		
Products	34%	36%
Service	46%	36%
Energy Production	36%	57%
Total Gross Margin	41%	37%
Operating Expenses		
General & administrative	2,834	2,707
Selling	571	618
Research and development	126	377
Sub-total	3,531	3,702
Gain on sale of assets	(32)	-
Long-lived asset impairment	72	-
Goodwill impairment	2,876	-
Net loss without impairment	(1,115)	(486)
Adjusted EBITDA	\$ (929)	\$ (331)



# YE 2020 Results



## Revenue = \$28.3 million

- Compared to \$33.4 million in 2020, 15% decrease
- Product revenue down 19%
- Service down 8% due to decreased installation activity.
- Maintenance contract revenue increased 3%
- Energy production down 42% due to facility closures

## Gross Margin improved to 38%

## Op Ex = \$13.7 mm

- Excluding bad debt provision, reduced OpEx by 10% vs. 2019

## Net loss of \$6.2 million

- Compared to \$4.7 million loss in 2019

## Adjusted EBITDA = negative \$2.2M

- Compared to negative \$181K 2020

\$ in thousands	YE 2020	YE 2019
<b>Revenue</b>		
Products	\$ 10,534	\$ 12,978
Service	15,883	17,308
Energy Production	1,837	3,141
<b>Total Revenue</b>	<b>28,255</b>	<b>33,426</b>
<b>Gross Profit</b>		
Products	\$ 4,060	\$ 4,592
Service	6,100	6,500
Energy Production	668	1,387
<b>Total Gross Profit</b>	<b>10,828</b>	<b>12,479</b>
<b>Gross Margin: %</b>		
Products	38.5%	35.4%
Service	38.4%	37.6%
Energy Production	36.3%	44.2%
<b>Total Gross Margin</b>	<b>38.3%</b>	<b>37.3%</b>
<b>Operating Expenses</b>		
General & administrative	\$ 10,311	\$ 10,380
Selling	2,593	2,685
Research and development	767	1,460
<b>Sub-total</b>	<b>13,672</b>	<b>14,525</b>
Gain on sale of assets	(11)	(1,081)
Long-lived asset impairment	252	0
Goodwill impairment	2,876	3,693
<b>Net loss without goodwill impairment</b>	<b>(2,366)</b>	<b>(1,016)</b>
<b>Adjusted EBITDA</b>	<b>\$ (2,163)</b>	<b>\$ (181)</b>

# Adjusted EBITDA Reconciliation



## Reconciliation of Q4 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
- Long-lived asset impairment
- Goodwill impairment

Non-GAAP financial disclosure	Quarter Ended, December 31,	
	2020	2019
Net loss attributable to Tecogen Inc.	\$ (4,062,313)	\$ (485,564)
Interest expense, net	4,741	38,161
Depreciation & amortization, net	120,186	74,254
Income tax expense	2,380	(473)
EBITDA	(3,935,006)	(373,622)
Stock based compensation	58,632	42,860
Long-lived asset impairment	71,963	-
Goodwill impairment	2,875,711	-
Adjusted EBITDA*	\$ (928,700)	\$ (330,762)

**Adjusted EBITDA impacted by lower sales and one-time charges, continue to eliminate costs**

- OpEx spending (excluding one-time charges) decreased 23% YOY
- Lower interest expense due to Webster LOC Termination

\*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.

# YTD Adjusted EBITDA Reconciliation



## Reconciliation of 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
- Long-lived asset impairment
- Goodwill impairment

Non-GAAP financial disclosure	Year Ended, December 31,	
	2020	2019
Net loss attributable to Tecogen Inc.	\$ (6,150,507)	\$ (4,709,019)
Interest expense, net	125,824	100,918
Depreciation & amortization, net	414,127	437,102
Income tax expense	30,171	15,194
EBITDA	(5,580,385)	(4,155,805)
Stock based compensation	190,944	163,464
Unrealized loss on marketable securities	98,404	118,084
Long-lived asset impairment	251,906	-
Goodwill impairment	2,875,711	3,693,198
Adjusted EBITDA*	\$ (2,163,420)	\$ (181,059)

**Adjusted EBITDA impacted by lower sales and one-time charges, continue to eliminate costs**

- OpEx spending, excluding one-time charges decreased 10% YOY
- Lower interest expense due to Webster LOC Termination

# Origin Engine Ultera Agreement



## Origin Engines

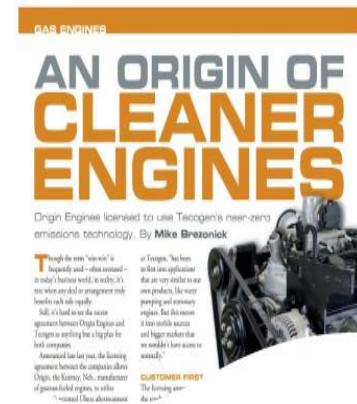
- Domestic engine manufacturer
- Innovative, fast growing supplier in industrial markets
  - ✓ Access to a wide range of industrial engine customers
  - ✓ Aware of growing value of low emissions to customers
- Tecogen supplier for our CHP products

## Tecogen/Origin License Agreement (November 2020)

- Engines 80 to 280 bhp (no conflict with MCFA)
- Propane, Natural gas, others
- Multiple markets covered
  - ✓ Oil and gas, power generation
  - ✓ lift trucks, forestry, and distributed energy systems.

See also Feb 2021 article  
in Diesel Progress

[https://lnkd.in/efzs\\_B9](https://lnkd.in/efzs_B9)





# Ultera Emissions Update



## 📌 MCFA program - now Mitsubishi Logisnext Americas Inc. (MLA)

- Remains on hold

## 📌 Origin agreement very positive outlook

- Strong potential to expand Ultera
  - ✓ Other lift manufacturers and other markets
- Aggressive schedule for implementation

## 📌 Ongoing catalyst research

- Third party contracted by Tecogen to investigate improved second stage formulations
- Opportunity for innovation because of low temp environment
- Laboratory testing has identified more active formulation
- Important to pursue
  - ✓ Patentable
  - ✓ Tangible component of Ultera that could become Tecogen product
  - ✓ Potential for lower cost

# Final Comments



- 🕒 2021 annual OpEx expected <\$12 million, \$2.5 million improvement over 2019
- 🕒 Cash position strengthened by improved cash management, PPP funds
- 🕒 Product focus on resiliency becoming more widely embraced
- 🕒 GHG reduction benefits of all Tecogen systems an important factor in driving new sales
- 🕒 Agreement with Origin expands potential commercial applications for Ultera

# Q&A



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