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: May 13, 2021

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

Delaware
(State or Other Jurisdiction of Incorporation)

001-36103	04-3536131
(Commission File Number)	(IRS Employer Identification No.)
45 First Avenue Waltham, Massachusetts	02451
(Address of Principal Executive Offices)	(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 May 13, 2021, the registrant issued a press release with earnings commentary and supplemental information for the three months ended March 31, 2021. 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 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 May 13, 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.

On May 13, 2021, the registrant posted the attached letter to shareholders on the registrant's website. The letter to shareholders is being furnished as Exhibit 99.03 to this Current Report on Form 8-K.

The information in this Item 7.01 and Exhibit 99.02 and 99.03 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 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:

Exhibit	Description
99.01	Earnings Release dated May 13, 2021 for the three months ended March 31, 2021.
99.02	Tecogen First Quarter 2021 Earnings Call Presentation dated May 13, 2021.
99.03	Letter to Tecogen Inc. shareholders dated May 13, 2021.

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.

May 13, 2021

By: /s/ Benjamin Locke
Benjamin Locke, Chief Executive Officer

Tecogen Announces First Quarter 2021 Results

Net Income of $1.8 million due to PPP Loan Forgiveness,
Reduced Operating Expenses, Improved Margins, and Positive Adjusted EBITDA

WALTHAM, Mass., May 13, 2021 - Tecogen Inc. (OTCQX:TGEN), a leading manufacturer of clean energy products, reported net income of $1.8 million for the quarter ended March 31, 2021 compared to a net loss of $1.2 million in 2020. The increase in Net Income was primarily due to the forgiveness of our Paycheck Protection Program (PPP) loan, and to a lesser extent, from lower operating expenses and improved gross margins. Revenues for the quarter ended March 31, 2021 were $6.1 million compared to $8.0 million for the same period in 2020, a 23.9% decrease. Product and services revenues, in aggregate, were down 25% for the quarter compared to the same period in 2020 primarily due to lower cogeneration unit volume and decreased installation services revenues.

Key Takeaways

- Gross profit for the first quarter of 2021 was $3.0 million compared to $2.8 million in the first quarter of 2020. Gross margin improved to 48.7% compared to 35.1% for the same period in 2020.
- Operating expenses decreased by 21% to $3.1 million for the first quarter of 2021 compared to $3.9 million in the same period of 2020, primarily due to cost controls, resulting in decreases in payroll and payroll related expenses, lower legal fees and reduced sales commission compared to 2020.
- General and administrative expenses decreased 9% to $2.5 million. Research and development costs decreased by 65% to $126 thousand, and selling expenses decreased 40% to $510 thousand.
- Net income including the PPP forgiveness was $1.8 million for the first quarter of 2021, compared to a net loss of $1.2 million for the same period in 2020, an improvement of $3.0 million.

After excluding a one-time gain from the forgiveness of our Paycheck Protection Program loan of $1.9 million, Adjusted EBITDA [(1)] was $20 thousand for the first quarter of 2021 compared to negative $817 thousand for the first quarter of 2020. (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 or gains, including abandonment of intangible assets and extinguishment of debt. 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).

In January 2021, Webster Bank, NA confirmed that the Paycheck Protection Program Loan to us on April 17, 2020 pursuant to the Coronavirus Aid, Relief, and Economic Recovery Act, as amended (the "CARES Act"), in the original principal amount of $1,874,200, together with accrued interest of $13,659, was forgiven in full as of January 11, 2021.

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. The loan is guaranteed by the United States Small Business Administration and the funds will be used for payroll, rent and utilities.

"The first quarter saw the continued impact of COVID-19 on our core business areas. Despite the challenging economic environment, we saw significant improvements in our gross margin and further reductions in our operating expenses," commented Benjamin Locke, Tecogen Chief Executive Officer. "Product sales were down for the quarter but are expected to rebound as we move further into 2021. Our energy production assets are gradually returning to operation as COVID related closures and restrictions are eased, and our service maintenance revenues continue to grow each quarter. We are confident we will continue to see growth in our core business as we strive for profitability in 2021. I invite investors to read our shareholders letter on our website that provides more color on our vision for growth and establishing profitability from operations."

Highlights:

- Net income (loss) per share, basic and diluted, was $0.07 for the first quarter of 2021 and $(0.05) for the first quarter of 2020.
- Cash flow provided by operations was $0.4 million compared to cash flows provided by operations of $1.1 million for the same period in 2020.
- Product and Services revenues decreased by $1.8 million or 25.1% compared to the same period in 2020.
- Energy Production revenues decreased by $98 thousand compared to the same period in 2020 due to the permanent or temporary closures of sites we service due to COVID-19.
- Product segment revenue for the first quarter of 2021 decreased 30.4% to $2.1 million compared to the same period in 2020. Margin for Products increased to 44.9% in Q1 2021 from 40.9% in Q1 2020.
- Services segment revenue for the first quarter of 2021 decreased by 21.1% to $3.3 million compared to the same period in 2020 primarily due to a reduction of installation services. The higher margin component of our Services segment, service maintenance revenue, increased 12.1% to $2.8 million, while installation revenue decreased by 69.4% to $0.5 million compared to the first quarter of 2020. Overall margin for the services segment increased to 53.1% in Q1 2021 from 30.7% in Q1 2020.
- Established Tecogen CHP Solutions Inc. as a Canadian subsidiary to facilitate installation, service, and sales in Canada. Revenue from our service center in Toronto, Canada is expected by Q3 2021.
- Introduced Tecopack containerized microgrid system for use in combined heat and power (CHP) and on-site microgrid power generation applications (see the letter to Shareholders on our website for details).
- Current sales backlog of equipment and installations as of May 13, 2021 is $10.9 million, comprised of $10.6 million of products and $0.3 million of installation services.
- Presented an update on Ultera® near-zero emissions forklift program as part of a Technology Series sponsored by the Propane Education and Research Council (PERC).

Conference Call Scheduled for Today at 11:00 am ET

Tecogen will host a conference call today to discuss the first 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 First Quarter 2021 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 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, Ultera and Tecopack 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, our Quarterly Reports on Form 10-Q and on our Form 8-K filed on May 13, 2021, 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:

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TECOGEN INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,705,941	$ 1,490,219
Accounts receivable, net	8,032,521	8,671,163
Inventory, net	6,841,942	7,168,596
Unbilled revenue	4,144,435	4,267,249
Prepaid and other current assets	579,836	597,144
Total current assets	23,304,675	22,194,371
Property, plant and equipment, net	2,139,390	2,283,846
Right of use assets	2,208,807	1,632,574
Intangible assets, net	1,305,703	1,360,319
Goodwill	2,406,156	2,406,156
Other assets	235,479	196,387
TOTAL ASSETS	$ 31,600,210	$ 30,073,653
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable	$ —	$ 837,861
Accounts payable	3,383,490	4,183,105
Accrued expenses	2,133,038	1,993,471
Deferred revenue	1,095,352	1,294,157
Lease obligations, current	583,531	506,514
Total current liabilities	7,195,411	8,815,108
Long-term liabilities:		
Note payable, net of current portion	1,874,269	1,036,339
Deferred revenue, net of current portion	216,197	115,329
Lease obligations, long-term	1,719,922	1,222,492
Unfavorable contract liability, net	1,527,665	1,617,051
Total liabilities	12,533,464	12,806,319
Commitments and contingencies	—	—
Stockholders' equity:		
Tecogen Inc. shareholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 24,850,261 and 24,850,261 issued and outstanding at March 31, 2021 and December 31, 2020, respectively	24,850	24,850
Additional paid-in capital	56,853,513	56,814,428
Accumulated deficit	(37,762,914)	(39,529,621)
Total Tecogen Inc. stockholders' equity	19,115,449	17,309,657
Non-controlling interest	(48,703)	(42,323)
Total stockholders' equity	19,066,746	17,267,334
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 31,600,210	$ 30,073,653

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Revenues		
Products	$ 2,122,722	$ 3,051,760
Services	3,281,144	4,160,090
Energy production	653,295	750,850
	6,057,161	7,962,700
Cost of sales		
Products	1,174,287	1,802,883
Services	1,537,603	2,883,246
Energy production	394,063	484,404
	3,105,953	5,170,533
Gross profit	2,951,208	2,792,167
Operating expenses		
General and administrative	2,453,853	2,689,461
Selling	510,203	855,788
Research and development	126,150	364,336
	3,090,206	3,909,585
Loss from operations	(138,998)	(1,117,418)
Other income (expense)		
Interest and other income (expense), net	(1,203)	11,727
Interest expense	(4,640)	(59,985)
Gain on extinguishment of debt	1,887,859	—
Gain on sale of investment securities	6,046	—
Unrealized gain (loss) on investment securities	37,497	(19,681)
Total other income (expense), net	1,925,559	(67,939)
Income (loss) before provision for state income taxes	1,786,561	(1,185,357)
Provision for state income taxes	8,058	5,222
Consolidated net income (loss)	1,778,503	(1,190,579)
(Income) loss attributable to non-controlling interest	(11,796)	(11,808)
Net income (loss) attributable to Tecogen Inc.	$ 1,766,707	$ (1,202,387)
Net income (loss) per share - basic	$ 0.07	$ (0.05)
Net income (loss) per share - diluted	$ 0.07	$ (0.05)
Weighted average shares outstanding - basic	24,850,261	24,850,250
Weighted average shares outstanding - diluted	25,122,271	24,850,250

	Three Months Ended			
	March 31, 2021		March 31, 2020	
<u>Non-GAAP financial disclosure</u> (1)				
Net income (loss) attributable to Tecogen Inc.	$	1,766,707	$	(1,202,387)
Interest & other expense, net		5,843		48,258
Income taxes		8,058		5,222
Depreciation & amortization, net		124,066		90,152
EBITDA		1,904,674		(1,058,755)
Gain on extinguishment of debt		(1,887,859)		—
Stock based compensation		39,085		42,236
Unrealized (gain) loss on marketable securities		(37,497)		19,681
Gain on sale of marketable securities		(6,046)		—
Non-cash abandonment of intangible assets		7,400		179,944
Adjusted EBITDA	$	19,757	$	(816,894)

(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 other non-cash non-recurring charges including abandonment of certain intangible assets and extinguishment of debt), 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 INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income (loss)	$ 1,778,503	$ (1,190,579)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	124,066	90,152
Gain on extinguishment of debt	(1,887,859)	—
Stock-based compensation	39,085	42,236
Gain on sale of investment securities	(6,046)	—
Unrealized (gain) loss on investment securities	(37,497)	19,681
Abandonment of intangible assets	7,400	179,944
Non-cash interest expense	—	9,750
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	638,643	2,462,957
Inventory	326,655	(1,066,117)
Unbilled revenue	122,814	395,976
Prepaid assets and other current assets	17,307	80,242
Other assets	(583,419)	397,703
Increase (decrease) in:		
Accounts payable	(799,615)	263,215
Accrued expenses and other current liabilities	153,225	(296,684)
Deferred revenue	(97,937)	(270,145)
Other liabilities	574,447	—
Net cash provided by operating activities	369,772	1,118,331
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,098)	(53,674)
Proceeds from the sale of investment securities	11,637	—
Purchases of intangible assets	(5,682)	(43,250)
Distributions to non-controlling interest	(18,176)	(23,070)
Payment of stock issuance costs	—	(401)
Net cash used in investing activities	(28,319)	(120,395)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) on revolving line of credit, net	—	(955,174)
Proceeds from note payable	1,874,269	—
Proceeds from exercise of stock options	—	1,200
Net cash provided by (used in) financing activities	1,874,269	(953,974)
Net increase in cash and cash equivalents	2,215,722	43,962
Cash and cash equivalents, beginning of the period	1,490,219	877,676
Cash and cash equivalents, end of the period	$ 3,705,941	$ 921,638
Supplemental disclosures of cash flows information:		
Non-cash investing and financing activities:		
Cash paid for interest	$ —	$ 36,326
Cash paid for taxes	$ 8,058	$ 5,222


Tecogen
OCTQX: TGEN
FIRST QUARTER 2021
Earnings Call
May 13, 2021

Participants

- **Benjamin Locke** — Chief Executive Officer
- **Robert Panora** — President & Chief Operating Officer
- **Jack Whiting** — General Counsel & Secretary
- **Roger Deschenes** — 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

Agenda:

- Tecogen Overview
- Q1 2021 Results
- Earnings Takeaways
  - Reduced OpEx – 21% YoY
  - Gross margin improvement
  - Cash and equivalents balance 03/31/21of $3.7 million vs. $1.5 million YE 2020
- Q&A

Tecogen Overview

Clean and Efficient Energy Systems

- <u>Leader in Distributed Generation Technology</u>
  - *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 by Wood Mackenzie*

- <u>Positioned For Low Carbon Future</u>
  - *High efficiency enables significant carbon reductions compared to heating and cooling systems dependent on grid*

- <u>Proprietary Ultera Emissions Technology</u>
  - *Demonstrated success across range of engine brands and sizes*
  - *Considering options to expand commercialization*

Q1 2021 Results

- Revenue = $6.1 million
  - Compared to $8.0 million in 1Q '20, 24% decrease
  - Product revenue down 30%
  - Service down 21% from lower installation activity, Maintenance contract revenue increased 12%
  - Energy production down 13% due to facility closures
- Gross Margin = 49%
- Op Ex = $3.1 million
  - Reduced OpEx by 21% vs. 1Q'20
- Net income of $1.8 million
  - Compared to $1.2 million loss in 1Q'20
- Adjusted EBITDA = positive $20 K
  - Compared to negative $817K in 1Q'20

$ in thousands	1Q'21	1Q'20	YoY Change	
Revenue				
Products	$ 2,123	$ 3,052	$ (929)	
Service	3,281	4,160	(879)	
Energy Production	653	751	(98)	
Total Revenue	6,057	7,963	(1,906)	-23.9%
Gross Profit				
Products	$ 948	$ 1,249	$ (300)	
Service	1,744	1,277	467	
Energy Production	259	266	(7)	
Total Gross Profit	2,951	2,792	159	5.7%
Gross Margin: %				
Products	44.7%	40.9%	4%	
Service	53.1%	30.7%	22%	
Energy Production	39.7%	35.5%	4%	
Total Gross Margin	48.7%	35.1%	14%	
Operating Expenses				
General & administrative	$ 2,454	$ 2,689	$ (236)	
Selling	510	856	(346)	
Research and development	126	364	(238)	
Total operating expenses	3,090	3,910	(819)	-21.0%
Operating profit (loss)	(139)	(1,117)	978	87.6%
Adjusted EBITDA	$ 20	$ (817)	$ 837	102.4%

*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, goodwill impairment and extinguishment of debt.

Q1 Adjusted EBITDA Reconciliation

Tecogen

Reconciliation of Q1 2021 Net Income to Adjusted EBITDA

- EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization
- EBITDA Non-cash adjustments
  - Gain on extinguishment of debt
  - Stock based compensation
  - Unrealized and realized (gain) loss on investment securities
  - Abandonment of intangible assets

	Quarter Ended, March 31,			
Non-GAAP financial disclosure (in thousands)	2021		2020	
Net income (loss) attributable to Tecogen Inc.	$	1,767	$	(1,202)
Interest expense, net		6		48
Income tax expense		8		5
Depreciation & amortization, net		124		90
EBITDA		1,905		(1,059)
Gain on extinguishment of debt		(1,888)		-
Stock based compensation		39		42
Unrealized (gain) loss on marketable securities		(37)		20
Realized gain on sale of marketable securities		(6)		-
Abandonment of intangible assets		7		180
Adjusted EBITDA*	$	20	$	(817)

Adjusted EBITDA favorably impacted by decreased OPEX

- OPEX spending decreased 21% YOY
- Improved gross margin and gross margin percent – sales mix and pricing

1Q ’21 Performance by Segment

Product Sales Impacted by COVID	Service Contracts/Parts Continue Recovery	Energy Production Revenue Recovering

- Product revenue decreased 30% QoQ
  - Cogeneration sales impacted by COVID-19
  - Continued Chiller sales
  - Engineered accessories up 105% QoQ
  - Product backlog improving
- Service revenue declined 21% QoQ
  - Due to Installation services down 69% QoQ
  - Service contracts/parts up 12% QoQ
- Energy Production declined 13% QoQ
  - COVID-19 setbacks and facility closures
  - Increased 48% over Q4 ’20, 77% over Q3 ‘20
- Gross Margins at 49%

YTD Revenue ($ thousands)	2021	2020	YoY Growth
Revenue			
Cogeneration	$ 47	$ 3,236	-99%
Chiller	1,457	(486)	400%
Engineered accessories	619	301	105%
Total Product Revenue	2,123	3,051	-30%
Service Contracts and Parts	2,763	2,466	12%
Installation Services	518	1,694	-69%
Total Service Revenue	3,281	4,160	-21%
Enery Production	653	751	-13%
Total Revenue	$ 6,057	$ 7,962	-24%
Cost of Sales			
Products	$ 1,174	$ 1,803	-35%
Services	1,538	2,883	-47%
Energy Production	394	484	-19%
Total Cost of Sales	$ 3,106	$ 5,170	-40%
Gross Profit	$ 2,951	$ 2,792	6%
Net income (loss)	$ 1,767	$ (1,202)	
Gross Margin			
Products	45%	41%	
Services	53%	31%	
Aggregate Products and Services	50%	35%	
Energy Production	40%	35%	
Overall	49%	35%	

YTD Gross Margin	2021	2020	Target
Overall Gross Margin	49%	35%	35-40%

1Q '21 Earnings Takeaways

Business Segments Recovering from COVID Challenges

- Product sales down; Product backlog increased 36% from year end
- Service contracts/parts revenue increased 12% QoQ despite COVID setbacks
- Energy production revenues are beginning to recover

Stable Cash Position

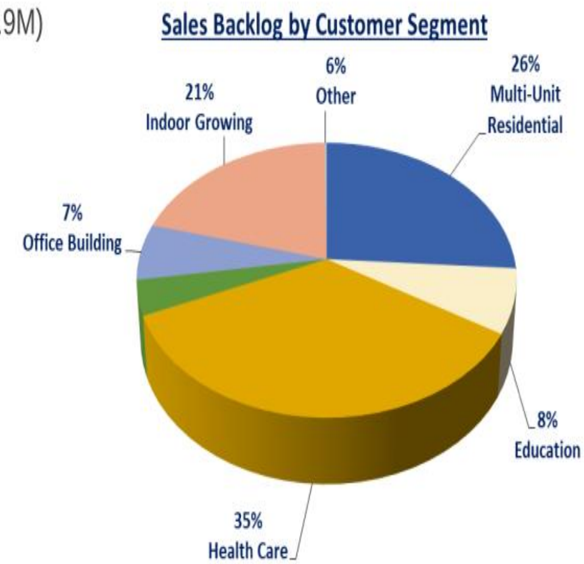
- PPP loan forgiveness ($1.9M) and PPP Second Draw loan ($1.9M)
- $0.4 million in cash provided by operations in 2021
- Quarter-end cash and equivalent balance of $3.7 million

Sustainable Corporate Improvements

- Reduced OpEx by 21% QoQ
- Improved margins in all segments
- More efficient and streamlined corporate functions

Current Backlog = $10.9 million

- Product backlog = $10.6 million
- Installation backlog = $0.3 million



Tecogen Path to Profitability

- Grow Core Business Segments
  - Expanding sales network, product offerings, chiller market
  - Continue expanding service O&M
  - Identify opportunistic energy production investments
- Commercialize Ultera
  - Support Origin Engine agreement
  - Continue catalyst development
  - Focus on industrial and mobile applications
- Maintain Corporate Improvements
  - Sustainable OpEx
  - Maintain improved margins
- Shareholder Letter
  - https://www.tecogen.com/2021-tecogen-letter-to-shareholders

Tecogen

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May 13, 2021

Fellow Tecogen Shareholders,

I would like to share with you Tecogen's vision for growth as we begin to put the COVID-19 pandemic behind us. 2020 was a challenging year by any measure, from the pandemic to a global recession and Tecogen was not immune to the slowdown in economic activity. Despite the challenges, we were able to achieve several important milestones in 2020 that form the basis of our larger vision for company growth. I will describe these accomplishments and provide some detail on our vision for growth that will support our drive towards profitable operations in 2021. This vision for growth includes strategic product development in our core cogeneration and chiller business and a roadmap for commercialization of our Ultera® emissions technology in both industrial and mobile engine markets.

Board of Directors; Chief Accounting Officer

First, I would like to provide an update regarding a change in the composition of our Board of Directors. On March 29, 2021, Deanna Petersen resigned from our Board of Directors after seven years of independent guidance and vision in order to focus on other professional commitments. We thank Deanna for her contributions to the company and for her agreement to remain available to our Board in a consulting capacity. On the same date the Board appointed Ralph Jenkins as a director of the Company. Mr. Jenkins is a retired partner at Ernst & Young LLP where he provided accounting related services for a diversified client base for 36 years until February 2016.

1

Tecogen Shareholder Letter

Q&A

AMERICAN DG ENERGY

Ultera
EMISSION CONTROL

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I am also pleased to report that at the end of March 2021 the Board appointed Roger Deschenes as the company's Chief Accounting Officer and Treasurer. Roger brings substantial accounting and financial reporting experience, and he will serve as the Company's Principal Financial Officer.

Because there have been no shareholder proposals or other business to be conducted at a stockholders meeting this year, we chose to save the costs related to proxy solicitation and will not be conducting a stockholders meeting this spring. Information regarding our directors and officers that we have included in our proxies in previous years has been included in our Form 10-K for the year ended December 31, 2020, filed with the SEC and available on our website.

Company Overview

Tecogen sells and maintains clean and efficient energy systems that reduce greenhouse gas emissions, provide significant operational savings and resiliency to grid outages.

Our products fall into three categories: cogeneration, cooling and emissions systems. Our flagship InVerde® cogeneration product is designed to generate electricity and hot water to reduce energy costs. In the event of a power outage, the InVerde seamlessly switches to off-grid operation and continues powering the facility without interruption. Tecogen has deployed hundreds of these systems that can operate as microgrids, independent of grid operation. In 2019, Tecogen was ranked by Wood Mackenzie as the third largest provider in the United States in terms of number of operational microgrids. Our air conditioning and cooling products have the highest efficiency and lowest operating cost of

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any other equivalently sized system when heat recovery is used. We specialize in process cooling and critical applications such as hospitals, ice rinks, industrial and indoor cultivation.

Tecogen has also developed a catalyst-based technology known as Ultera which is designed to reduce CO and NOx emissions from gasoline, natural gas, or propane engines to less than that of a fuel cell. With Ultera, engines can meet the most stringent air quality standards such as those in southern California. We are currently establishing partners and commercial milestones for broader applications of the Ultera technology in industrial and mobile applications.

Our revenues are currently comprised of three revenues streams: product sales, services, and energy production. Our product revenue includes sales of cogeneration systems and engineered accessories, our chiller systems, our heat pumps and more recently, our industrial refrigeration product. Our services revenue is comprised of maintenance services and installation services, and our energy production revenue is from the sale of energy in the form of electricity, heat, hot water and cooling to our customers under long-term agreements.

2020 Review

Looking back at 2020, while we faced unprecedented challenges due to the COVID-19 pandemic, our efforts to improve business practices across the company yielded improvements that resulted in significant and sustainable reductions to our operating expenses. The year over year expense reduction in operating expenses for the first quarters of 2020 and 2021 was $819 thousand or 21%, gains that we intend to carefully manage

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going forward. We also strengthened our balance sheet by reducing our receivable and unbilled revenue balances resulting in positive cash flows from operations for the year. The 2020 balance sheet was improved through a $1.9 million loan under the Paycheck Protection Program that was forgiven in full in Q1 2021. We also obtained a second $1.9 million loan in Q1 2021 under the Paycheck Protection Program.

With regards to our product sales, while overall product revenues were down due to the COVID-19 pandemic, we developed new sales channels for our products including a Teaming Agreement with Ainsworth, a Toronto based company that provides high quality technical trade services, which established Tecogen as Ainsworth's preferred CHP partner in Canada. We also established Manufacturers Representatives (Reps) for our Tecofrost® refrigeration product in key US geographies. This brings our Rep network to 24 Reps in the United States, Canada and Mexico for the Tecofrost and Tecochill® products. As the opportunity for gas cooling becomes more widespread due to increasing electric costs, Tecogen is expanding its network of Manufacturers Representatives to new geographies in North America. We also continued demonstrating the benefits of our Tecochill product for indoor grow facilities, with sales to three separate cannabis cultivation facilities in Massachusetts, Florida and New Jersey in 2020 and additional sales to two cannabis facilities in Massachusetts and New Jersey in Q1 of 2021.

On the service side of the business, in 2020 we established our 11th factory service center, located in Toronto, Ontario. This came on the heels of an order for 26 InVerde systems at a housing development, which were delivered and commissioned at the end of 2020. The new service center

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will begin providing revenue to the company when the Canadian InVerde fleet becomes operational in the second half of 2021. Overall maintenance services revenue increased 3% year over year, and 12% in Q1 2021 compared to Q1 2020, despite the COVID-19 pandemic and is expected to continue to grow in 2021 as our fleet expands and the fleet in Ontario becomes fully operational.

Our energy production revenues were adversely impacted by shutdowns related to COVID-19, with several facilities curtailing operations in 2020 and two hotel customers ceasing operations entirely. We anticipate some continued recovery of our energy production assets as facilities resume operations and expect to re-purpose equipment installed in facilities that have been permanently closed.

2020 saw progress on our Ultera emissions technology for both mobile and industrial applications. Our efforts to commercialize the Ultera technology for industrial engines resulted in a licensing agreement with Origin Engines in November 2020 to incorporate Ultera on engines in an agreed size range sold to customers in certain markets including oil and gas, power generation, lift trucks, forestry, and distributed energy systems. The agreement establishes sales milestones that we expect will create a royalty stream for Origin's engines equipped with Ultera emissions control technology. We expanded our Ultera emissions intellectual property estate in 2020 through two additional patents relating to the use of our Ultera vehicle emissions reduction technology and by validating our core patent for Ultera emissions reduction technology in 19 EU countries.

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2021 and Beyond

As we look forward to the rest of 2021, our goal of profitable operations remains our top priority. Our Q1 2021 earnings released today show Net Income of $1,766,707, and if we exclude the one-time benefit resulting from the forgiveness of our first PPP loan, we reached positive Adjusted EBITDA in the quarter. We are confident about steady increases in all our revenue segments, as well as additional advancement of our Ultera emissions technology. Our vision for the company beyond 2021 involves growing each of our three revenue segments strategically to match current and emerging energy policy in the United States and Canada.

Product Advancements

We have been advancing our cogeneration and chiller technology every year, with new product enhancements and features focused on increasing the energy and financial savings potential of our products. Our product development will continue in 2021 as we introduce new features and packages on all of our offerings. All of our products are factory equipped with the Ultera emissions system to provide near-zero emissions. Our product development road map is targeted at improving our strategic position in the market segments where we have a dominant position. In the cogeneration space, these are multi-family and institutional customers and in the cooling space, these are critical or process cooling and industrial refrigeration customers.

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Our InVerde e+® cogeneration system has several proprietary advantages including variable speed operation, CERTs microgrid capability and patented emission controls that offer compelling opportunities for cogeneration economics as well as additional grid support services, such as demand and frequency response programs.

We recently introduced the Tecopack® 250 and the Tecopack 500 as a modular, drop in cogeneration system with all mechanical and electrical accessories included in a containerized package. This is especially convenient for operations that do not have available indoor space for mechanical equipment but have an outdoor area where the Tecopack can be installed. The Tecopack cogeneration plant can substantially reduce the time to install a cogeneration plant and can also be cost-effectively removed and repurposed. This is of particular benefit to our customers that provide energy as a service or are operating in buildings with a triple net lease where the tenant provides and can control the disposition of the equipment.

Our Tecochill® chillers provide substantial savings in areas with expensive electricity as well as improved resiliency to grid supply issues. In summer, when electric rates are at their highest, natural gas pricing is "off-peak" and quite affordable, allowing Tecochill customers to avoid typically higher summertime "peak-usage" electric rates. The Tecochill solution also eliminates the need for additional 3-phase power the facility would need for cooling with electric chillers and the need for generators to back up the electric chillers. This is especially valued for facilities with high value products such as cannabis cultivation where the cost of backing up an electric cooling system with generators would be cost prohibitive.

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Tecogen also offers an air cooled (AC) Tecochill package in the 50-ton size range. Air cooled chillers are much more common for facilities with cooling loads under 500 tons and represent a significant market opportunity for Tecochill. We are currently evaluating the viability of a new AC Tecochill package that would take advantage of advances in compressor technologies and provide an option for buildings that do not have a cooling tower. We are currently evaluating different strategies for advancing this concept and are engaging with potential manufacturing and/or sales partners to arrange a product demonstration.

We also anticipate further sales of our Tecofrost® refrigeration system. Applications for Tecofrost include cold storage, bottling operations, ice making, wineries and many industrial processes. The Tecofrost product offers similar reductions in operating costs as Tecochill, whereby low-cost natural gas replaces more expensive electric power while providing hot water at no additional cost for onsite processes.

Ultera - Next Steps

We expect significant activity for our Ultera technology program in 2021. The next step in our agreement with Origin Engines is to support their efforts to certify an engine with embedded Ultera technology. This will allow Origin Engines to begin offering a near-zero emission engine to its customers and help us expand the market for Ultera enabled engines.

As a follow-up to our catalyst research project with SwRI (formerly the Southwest Research Institute) we funded a second phase with the institute to deliver a full-size prototype of an improved catalyst formulation for the Ultera second stage. Small scale prototypes of the formulation were

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fabricated and tested by SwRI in the program's first phase, which concluded in December 2019. We will be evaluating the full-size catalyst later in 2021 in our engine test cell to confirm our expectations of enhanced performance and potential for reduced cost.

In Q1 2021 we shipped our largest Ultera kits to a Southern California municipal water pumping station to be installed in two new 800 horsepower Caterpillar engines fueled by natural gas. We anticipate commissioning in late summer.

Summary

Tecogen is focused on capitalizing on the positive environment for clean and efficient solutions for energy production and distribution while addressing the need for increased resiliency to interruptions to the electric grid. We believe that our current cash position and overall balance sheet condition provides us with the flexibility to pursue our growth vision. On behalf of the entire Tecogen team, I would like to thank our shareholders for your ongoing confidence and support as we look forward to our vision of success in the future.

Sincerely,

Benjamin Locke, CEO