

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: August 12, 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 August 12, 2021, the registrant issued a press release with earnings commentary and supplemental information for the three and six months ended June 30, 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 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 August 12, 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 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:

<u>Exhibit</u>	<u>Description</u>
99.01	<a href="#">Earnings Release dated August 12, 2021 for the three and six months ended June 30, 2021</a>
99.02	<a href="#">Tecogen Inc. Second Quarter 2021 Earnings Call Presentation dated August 12, 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.

By: /s/ Benjamin Locke

Benjamin Locke, Chief Executive Officer

duly authorized.

August 12, 2021



## **Tecogen Announces Second Quarter 2021 Results**

*Net Income of \$2.2 million for H1 2021 and \$0.4 million for Q2 2021*

*Earnings per share of \$0.09/share for H1 2021 and \$0.02/share for Q2 2021*

WALTHAM, Mass., August 12, 2021 - Tecogen Inc. (OTCQX:TGEN), a leading manufacturer of clean energy products, reported net income of \$0.4 million for the quarter ended June 30, 2021 compared to a net loss of \$0.7 million in 2020, an improvement of \$1.1 million. For the six months ended June 30, 2021, net income was \$2.2 million compared to a net loss of \$1.9 million, an improvement of \$4.1 million. The increase in net income for both periods was primarily due to the benefit from the CARES Act payroll support programs, and to a lesser extent, from lower operating expenses and improved gross margin. Our gross margin increased to 47.5% in the six months ended June 30, 2021 compared to 37.0% for the same period in 2020.

### **Key Takeaways**

#### *Earnings Per Share*

- Net income (loss) per share, basic and diluted, was net income of \$0.09 per share in the six months ended June 30, 2021 compared to a loss of \$0.07 in the six months ended June 30, 2020.
- Net income (loss) per share, basic and diluted, was net income of \$0.02 in the second quarter of 2021 compared to a loss of \$0.03 in the second quarter of 2020.

#### *Revenues*

- Revenues for the quarter ended June 30, 2021 were \$6.1 million compared to \$7.4 million for the same period in 2020, a 17.3% decrease.
    - Product revenue was \$2.4 million in Q2 2021 compared to \$3.8 million in the same period in 2020, a decline of 35.4%, primarily due to lower cogeneration unit volume.
    - Services revenue was \$3.3 million in Q2 2021 compared to \$3.4 million in the same period in 2020, a decline of 1.3%, primarily due to reduced lower margin installation activity. Services contract revenue increased 25.6% to \$3.1 million compared to \$2.5 million in the second quarter of 2020.
    - Energy Production revenue increased by \$95 thousand, or 34.2%, to \$371 thousand compared to the same period in 2020 due to the resumption of business operations at our energy production sites.
  - For the six months ended June 30, 2021 revenues were \$12.2 million compared to \$15.4 million for the same period in 2020, a decrease of \$3.2 million or 20.8% year over year.
    - Product revenue was \$4.6 million in the six months ended June 30, 2021 compared to \$6.8 million in the same period in 2020, a decline of 33.2%, primarily due to lower cogeneration unit volume.
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- Services revenue was \$6.6 million in the six months ended June 30, 2021 compared to \$7.5 million in the same period in 2020, a decline of 12.3%, primarily due to reduced lower margin installation activity. Services contract revenue increased 18.8% to \$5.8 million compared to \$4.9 million in the same period in 2020.
- Energy production revenue in the six months ended June 30, 2021 was \$1.024 million, compared to \$1.027 million for the same period in 2020, a decrease of \$3 thousand, or 0.3%.

#### *Gross Profit*

- Gross profit for the second quarter of 2021 was \$2.8 million compared to \$2.9 million in the second quarter of 2020. Gross margin improved to 46.3% in the second quarter compared to 39.1% for the same period in 2020 due to higher Product margin which increased to 43.1% in Q2 2021 from 41.4% in Q2 2020 and Services margin which improved to 49.5% in Q1 2021 from 37.7% in Q1 2020.
- Gross profit for the six months ended June 30, 2021 was \$5.8 million compared to \$5.7 million for the same period in 2020, an increase of \$0.1 million, or 1.7%. During the six months ended June 30, 2021 gross margin increased to 47.5% compared to 37.0% for the same period in 2020 due to higher Product margin which increased to 43.9% from 41.2% and higher Services margin which increased to 51.3% from 33.8%.

#### *Operating Expenses*

- Operating expenses decreased by 7% to \$3.2 million for the second quarter of 2021 compared to \$3.4 million in the same period of 2020.
- For the six months ended June 30, 2021 operating expenses decreased \$1.1 million, or 14.7%, to \$6.2 million compared to \$7.3 million in the same period in 2020.

The decreased operating expenses in the quarter and six month periods were primarily due to cost controls, resulting in decreased payroll and payroll related expenses and reductions in other operating expenses compared to the same periods in 2020.

Adjusted EBITDA<sup>(1)</sup> was \$567 thousand for the second quarter of 2021 compared to negative \$363 thousand for the second 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 the table following the Condensed Consolidated 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).

“Our core business areas continued to be negatively impacted by COVID-19, but despite the challenging economic environment, we achieved significant improvements in our gross margin and operations,” commented Benjamin Locke, Tecogen's Chief Executive Officer. “We expect Product sales to rebound as we move further into 2021. Our Energy Production assets are gradually returning to normal operation as COVID related closures and restrictions are eased, and our Service maintenance revenues continue to grow each quarter.”

### ***Operational Highlights:***

- Qualified for Employee Retention Credit and recognized a \$713 thousand benefit in the second quarter of 2021.
- Continued sales growth in the Controlled Environment Agriculture (CEA) space with total capacity of Tecochill chillers sold to cannabis cultivation facilities now in excess of 10,000 tons.
- Current sales backlog of equipment and installations as of August 12, 2021 is \$10.4 million, comprised of \$10.2 million of products and \$0.2 million of installation services.
- Added two Manufacturers' Representatives to support Tecofrost sales in parts of western United States and Canada.
- Filed a provisional patent application titled "High Efficiency Hybrid Engine-Driven Variable Drive" with the United States Patent and Trademark Office.

### **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 please 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 Second 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](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 <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](http://www.tecogen.com) or contact us for a free [Site Assessment](#).

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

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## **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 August 12, 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:**

Benjamin Locke

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**TECOGEN INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,185,478	\$ 1,490,219
Accounts receivable, net	7,777,064	8,671,163
Unbilled revenue	3,899,499	4,267,249
Employee retention credit	713,268	—
Inventories, net	6,811,525	7,168,596
Prepaid and other current assets	839,732	597,144
Total current assets	23,226,566	22,194,371
Property, plant and equipment, net	2,025,334	2,283,846
Right of use assets	2,168,100	1,632,574
Intangible assets, net	1,244,373	1,360,319
Goodwill	2,406,156	2,406,156
Other assets	248,713	196,387
<b>TOTAL ASSETS</b>	<b>\$ 31,319,242</b>	<b>\$ 30,073,653</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Note payable	\$ —	\$ 837,861
Accounts payable	2,597,737	4,183,105
Accrued expenses	2,138,931	1,993,471
Deferred revenue	1,119,943	1,294,157
Lease obligations, current	617,540	506,514
Total current liabilities	6,474,151	8,815,108
Long-term liabilities:		
Note payable, net of current portion	1,874,269	1,036,339
Deferred revenue, net of current portion	244,425	115,329
Lease obligations, long-term	1,642,801	1,222,492
Unfavorable contract liability, net	131,224	—
Total liabilities	1,438,278	1,617,051
	11,805,148	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 June 30, 2021 and December 31, 2020, respectively	24,850	24,850
Additional paid-in capital	56,908,194	56,814,428
Accumulated deficit	(37,363,283)	(39,529,621)
Total Tecogen Inc. stockholders' equity	19,569,761	17,309,657
Non-controlling interest	(55,667)	(42,323)
Total stockholders' equity	19,514,094	17,267,334
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 31,319,242</b>	<b>\$ 30,073,653</b>

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	Three Months Ended	
	June 30, 2021	June 30, 2020
Revenues		
Products	\$ 2,445,927	\$ 3,786,134
Services	3,328,314	3,372,583
Energy production	370,861	276,341
Total revenues	<u>6,145,102</u>	<u>7,435,058</u>
Cost of sales		
Products	1,390,725	2,220,456
Services	1,679,386	2,102,735
Energy production	232,353	205,876
Total cost of sales	<u>3,302,464</u>	<u>4,529,067</u>
Gross profit	<u>2,842,638</u>	<u>2,905,991</u>
Operating expenses		
General and administrative	2,438,452	2,637,479
Selling	580,871	602,383
Research and development	132,883	166,027
Total operating expenses	<u>3,152,206</u>	<u>3,405,889</u>
Loss from operations	<u>(309,568)</u>	<u>(499,898)</u>
Other income (expense)		
Interest and other income (expense), net	(1,125)	238
Interest expense	(5,088)	(56,253)
Employee retention credit	713,268	—
Unrealized gain (loss) on investment securities	18,749	(78,723)
Total other income (expense), net	<u>725,804</u>	<u>(134,738)</u>
Income (loss) before provision for state income taxes	416,236	(634,636)
Provision for state income taxes	7,933	13,171
Consolidated net income (loss)	408,303	(647,807)
(Income) loss attributable to non-controlling interest	(8,672)	(6,081)
Net income (loss) attributable to Tecogen Inc.	<u>\$ 399,631</u>	<u>\$ (653,888)</u>
Net income (loss) per share - basic	<u>\$ 0.02</u>	<u>\$ (0.03)</u>
Net income (loss) per share - diluted	<u>\$ 0.02</u>	<u>\$ (0.03)</u>
Weighted average shares outstanding - basic	<u>24,850,261</u>	<u>24,850,261</u>
Weighted average shares outstanding - diluted	<u>25,125,210</u>	<u>24,850,261</u>
<b>Non-GAAP financial disclosure (1)</b>		
Net income (loss) attributable to Tecogen Inc.	\$ 399,631	\$ (653,888)
Interest expense, net	6,213	56,015
Income taxes	7,933	13,171
Depreciation & amortization, net	117,404	103,485
EBITDA	531,181	(481,217)
Stock based compensation	54,681	39,494
Unrealized (gain) loss on investment securities	(18,749)	78,723
Adjusted EBITDA	<u>\$ 567,113</u>	<u>\$ (363,000)</u>



**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	<b>Six Months Ended</b>	
	<b>June 30, 2021</b>	<b>June 30, 2020</b>
<b>Revenues</b>		
Products	\$ 4,568,649	\$ 6,837,894
Services	6,609,458	7,532,673
Energy production	1,024,156	1,027,191
<b>Total revenues</b>	<b>12,202,263</b>	<b>15,397,758</b>
<b>Cost of sales</b>		
Products	2,565,012	4,023,339
Services	3,216,989	4,985,981
Energy production	626,416	690,280
<b>Total cost of sales</b>	<b>6,408,417</b>	<b>9,699,600</b>
<b>Gross profit</b>	<b>5,793,846</b>	<b>5,698,158</b>
<b>Operating expenses</b>		
General and administrative	4,892,305	5,326,941
Selling	1,091,074	1,458,170
Research and development	259,033	530,363
<b>Total operating expenses</b>	<b>6,242,412</b>	<b>7,315,474</b>
<b>Loss from operations</b>	<b>(448,566)</b>	<b>(1,617,316)</b>
<b>Other income (expense)</b>		
Interest and other income (expense), net	(2,328)	11,965
Interest expense	(9,728)	(116,238)
Gain on extinguishment of debt	1,887,859	—
Employee retention credit	713,268	—
Gain on sale of investment securities	6,046	—
Unrealized gain (loss) on investment securities	56,246	(98,404)
<b>Total other income (expense), net</b>	<b>2,651,363</b>	<b>(202,677)</b>
<b>Income (loss) before provision for state income taxes</b>	<b>2,202,797</b>	<b>(1,819,993)</b>
<b>Provision for state income taxes</b>	<b>15,991</b>	<b>18,393</b>
<b>Consolidated net income (loss)</b>	<b>2,186,806</b>	<b>(1,838,386)</b>
<b>(Income) loss attributable to non-controlling interest</b>	<b>(20,468)</b>	<b>(17,889)</b>
<b>Net income (loss) attributable to Tecogen Inc.</b>	<b>\$ 2,166,338</b>	<b>\$ (1,856,275)</b>
<b>Net income (loss) per share - basic</b>	<b>\$ 0.09</b>	<b>\$ (0.07)</b>
<b>Net income (loss) per share - diluted</b>	<b>\$ 0.09</b>	<b>\$ (0.07)</b>
<b>Weighted average shares outstanding - basic</b>	<b>24,850,261</b>	<b>24,850,256</b>
<b>Weighted average shares outstanding - diluted</b>	<b>25,102,470</b>	<b>24,850,256</b>

	Six Months Ended	
	June 30, 2021	June 30, 2020
<b>Non-GAAP financial disclosure (1)</b>		
Net income (loss) attributable to Tecogen Inc.	\$ 2,166,338	\$ (1,856,275)
Interest & other expense, net	12,056	104,273
Income taxes	15,991	18,393
Depreciation & amortization, net	241,470	193,637
EBITDA	2,435,855	(1,539,972)
Gain on extinguishment of debt	(1,887,859)	—
Stock based compensation	93,766	81,730
Unrealized (gain) loss on marketable securities	(56,246)	98,404
Gain on sale of marketable securities	(6,046)	—
Non-cash abandonment of intangible assets	7,400	179,944
Adjusted EBITDA	\$ 586,870	\$ (1,179,894)

<sup>(1)</sup> **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)

	Six Months Ended	
	June 30, 2021	June 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated net income (loss)	\$ 2,186,806	\$ (1,838,386)
<i>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization	241,470	193,637
Gain on extinguishment of debt	(1,887,859)	—
Employee retention credit	(713,268)	—
Stock-based compensation	93,766	81,730
Gain on sale of investment securities	(6,046)	—
Unrealized (gain) loss on investment securities	(56,246)	98,404
Abandonment of intangible assets	7,400	179,944
Non-cash interest expense	—	50,775
<i>Changes in operating assets and liabilities</i>		
<i>(Increase) decrease in:</i>		
Accounts receivable	894,100	6,405,936
Unbilled revenue	367,750	538,032
Inventory	357,072	(890,868)
Prepaid assets and other current assets	(242,588)	(6,382)
Other assets	(537,197)	532,293
<i>Increase (decrease) in:</i>		
Accounts payable	(1,585,368)	(1,197,576)
Accrued expenses and other current liabilities	290,342	284,506
Deferred revenue	(45,118)	(1,671,239)
Other liabilities	531,335	—
Net cash provided by (used in) operating activities	(103,649)	2,760,806
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(47,504)	(53,674)
Proceeds from the sale of investment securities	11,637	—
Purchases of intangible assets	(5,682)	(123,254)
Payment of stock issuance costs	—	(802)
Distributions to non-controlling interest	(33,812)	(23,070)
Net cash used in investing activities	(75,361)	(200,800)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable	1,874,269	1,874,200
Proceeds (payments) on revolving line of credit, net	—	(2,453,159)
Proceeds from exercise of stock options	—	1,200
Net cash provided by (used in) financing activities	1,874,269	(577,759)
Net increase in cash and cash equivalents	1,695,259	1,982,247
Cash and cash equivalents, beginning of the period	1,490,219	877,676
Cash and cash equivalents, end of the period	\$ 3,185,478	\$ 2,859,923
<b>Supplemental disclosures of cash flows information:</b>		
Cash paid for interest	\$ —	\$ 36,326
Cash paid for taxes	\$ 15,991	\$ 5,222



OTCQX: TGEN

EARNINGS CALL AUGUST 12, 2021


# MANAGEMENT



- 🌱 Benjamin Locke - CEO
- 🌱 Robert Panora – COO and President
- 🌱 Abinand Rangesh – CFO
- 🌱 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.

# AGENDA



-  Tecogen Overview
-  2Q 2021 Results
-  Earnings Takeaways
-  Q&A



3,000+  
Units Shipped

Providing resiliency and energy savings with a cleaner environmental footprint





# DISTRIBUTED GENERATION

3<sup>rd</sup> in number of microgrids installed in North America



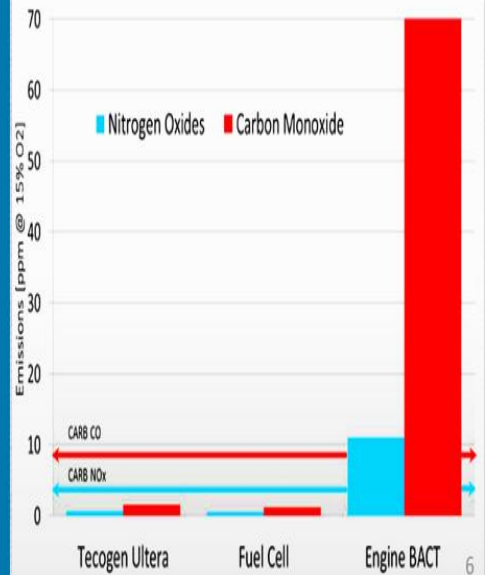
# EMISSIONS

Near zero NOx and CO emissions systems for gasoline, propane and natural gas engines



# CLEAN COOLING

Chillers with lower operating cost and lower greenhouse gas footprint compared to an equivalent electric chiller



# FACTS ABOUT US



97,143

METRIC TONS OF CO2  
SAVED



3,000+

DISTRIBUTED  
GENERATION AND  
CHILLERS SHIPPED



1,968,913,337

KWH GENERATED



52,156,171

PRODUCT RUN  
HOURS

# REVENUE SEGMENTS



## PRODUCT SALES

Sales of combined heat and power, and clean cooling systems to building owners. Key market segments include multifamily residential, health care and indoor cultivation.

CLEAN, GREEN  
POWER, COOLING  
AND HEAT

## SERVICES

We service most purchased Tecogen equipment in operation through long term maintenance agreements through 11 service centers in North America and perform certain equipment installation work.

## ENERGY SALES

We sell electrical energy and thermal energy produced by our equipment onsite at customer facilities.

# 2Q 2021 RESULTS



## Highlights

- Net income of \$0.09/share H1 2021
- Net income of \$0.02/share 2Q 2021
- Cash and equivalents balance of \$3.2 million

## Revenue = \$6.1 million

- Compared to \$7.4 million in 2Q '20, 17% decrease
- Products revenue down 35%
- Service down 1% from lower installation activity, maintenance contract revenue increased 26%
- Energy production increased 34% due to business resumption

## Gross Margin of 46% favorably impacted by sales mix and reduced warranty costs

## Op Ex = \$3.2 million

- Reduced OpEx by 7% vs. 2Q'20

## Net income of \$0.4 million

- Compared to \$0.65 million loss in 2Q'20
- Favorably impacted by ERC credit of \$713k

<i>\$ in thousands</i>	2Q'21	2Q'20	YoY Change	%
<b>Revenue</b>				
Products	\$ 2,446	\$ 3,786	\$ (1,340)	
Service	3,328	3,373	(44)	
Energy Production	371	276	95	
<b>Total Revenue</b>	<b>6,145</b>	<b>7,435</b>	<b>(1,290)</b>	<b>-17.3%</b>
<b>Gross Profit</b>				
Products	1,055	1,566	(510)	
Service	1,649	1,270	379	
Energy Production	139	70	68	
<b>Total Gross Profit</b>	<b>2,843</b>	<b>2,906</b>	<b>(63)</b>	<b>-2.2%</b>
<b>Gross Margin: %</b>				
Products	43.1%	41.4%	2%	
Service	49.5%	37.7%	12%	
Energy Production	37.3%	25.5%	12%	
<b>Total Gross Margin</b>	<b>46.3%</b>	<b>39.1%</b>	<b>7%</b>	
<b>Operating Expenses</b>				
General & administrative	2,438	2,637	(199)	
Selling	581	602	(22)	
Research and development	133	166	(33)	
<b>Total operating expenses</b>	<b>3,152</b>	<b>3,406</b>	<b>(254)</b>	<b>-7.4%</b>
<b>Operating profit (loss)</b>	<b>(310)</b>	<b>(500)</b>	<b>190</b>	<b>38.1%</b>
<b>Net Income</b>	<b>\$ 400</b>	<b>\$ (654)</b>	<b>\$ 1,054</b>	<b>161.1%</b>

# 2Q 2021 ADJUSTED EBITDA RECONCILIATION



EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA favorably impacted by Employee Retention Credit of \$713k





EBITDA Non-cash adjustments

- Stock based compensation
- Unrealized and realized (gain) loss on investment securities

Non-GAAP financial disclosure (in thousands)	2Q 2021	2Q 2020
Net income (loss) attributable to Tecogen Inc.	\$ 400	\$ (654)
Interest expense, net	6	56
Income tax expense	8	13
Depreciation & amortization, net	117	103
<b>EBITDA</b>	<b>531</b>	<b>(481)</b>
Stock based compensation	55	39
Unrealized (gain) loss on marketable securities	(19)	79
<b>Adjusted EBITDA*</b>	<b>\$ 567</b>	<b>\$ (363)</b>

\*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 other non-recurring charges or gains including abandonment of certain intangible assets and extinguishment of debt

# PERFORMANCE BY SEGMENT

- 
**Product revenue** decreased 35% QoQ
  - Cogeneration sales impacted by COVID-19
  - Chiller sales improving
  - Product backlog improving
  
- 
**Service revenue** declined 1% QoQ
  - Installation services down 73% QoQ
  - Service contracts/parts up 26% QoQ
  - Services Gross Margin increased to 50%
  
- 
**Energy Production** increased 34% QoQ
  - Energy production sites are resuming normal operations
  
- 
**Gross Margin** 46%

2Q Revenue (\$ thousands)	2021	2020	YoY Growth
<b>Revenue</b>			
Cogeneration	\$ 1,050	\$ 3,108	-66%
Chiller	1,089	235	364%
Engineered accessories	307	443	-31%
<b>Total Product Revenue</b>	<b>2,446</b>	<b>3,786</b>	<b>-35%</b>
Service Contracts	3,084	2,455	26%
Installation Services	244	918	-73%
<b>Total Service Revenue</b>	<b>3,328</b>	<b>3,373</b>	<b>-1%</b>
Energy Production	371	276	34%
<b>Total Revenue</b>	<b>6,145</b>	<b>7,435</b>	<b>-17%</b>
<b>Cost of Sales</b>			
Products	1,391	2,220	-37%
Services	1,679	2,103	-20%
Energy Production	232	206	13%
<b>Total Cost of Sales</b>	<b>3,302</b>	<b>4,529</b>	<b>-27%</b>
<b>Gross Profit</b>	<b>2,843</b>	<b>2,906</b>	<b>-2%</b>
Net income (loss)	\$ 400	\$ (654)	
<b>Gross Margin</b>			
Products	43%	41%	
Services	50%	38%	
Aggregate Products and Services	47%	40%	
Energy Production	37%	25%	
Overall	46%	39%	

QTD Gross Margin	2021	2020	Target
Overall	46%	39%	>40%

# 2Q 2021 EARNINGS TAKEAWAYS



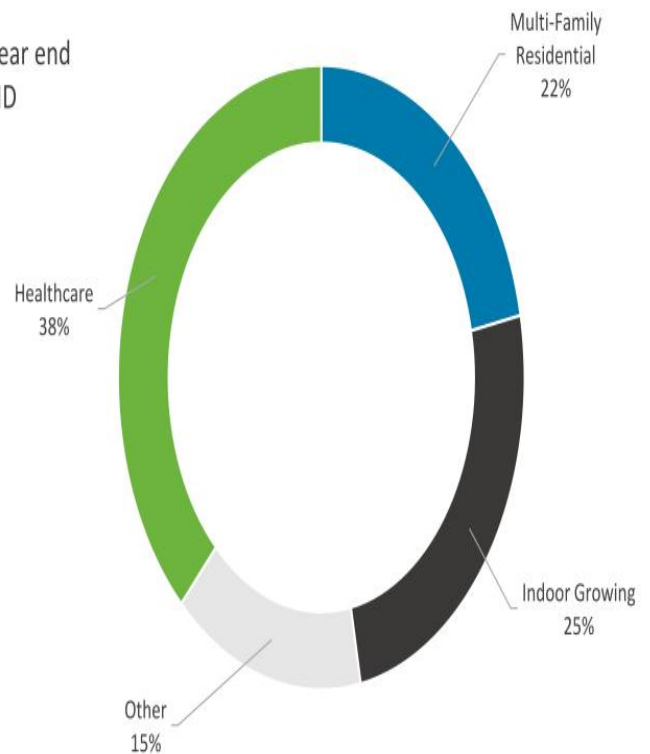
- Business Segments Recovering from COVID Challenges**
  - Product sales down; Product backlog increased 12% from year end
  - Service contracts revenue increased 26% QoQ despite COVID setbacks.
  - Energy production revenues are recovering

- Stable Cash Position**
  - Quarter-end cash and equivalent balance of \$3.2 million

- Sustainable Corporate Improvements**
  - Reduced OpEx by 7% QoQ
  - Improved margins in all segments
  - Operational and manufacturing improvements

- Current Backlog = \$10.4 million**
  - Product backlog = \$10.2 million

Backlog by Customer Type



# PATHWAY TO GROWTH



2021 TO  
2023

Clean Microgrids using CHP in combination with other energy technologies including solar and battery

Continued licensing of Ultra emissions system to engine manufacturers. We expect to see the release of the first EPA certified near zero emissions fork truck engine with Ultra by mid-2022.

Anticipate Introduction of Tecochill Air Cooled Chillers that incorporate the Tecogen hybrid drive technology by Q4 2022. This addresses a gap in our Tecochill offering as air cooled chillers are typically sold in larger volumes compared to water cooled chillers in our size range. We expect further penetration in markets such as indoor cultivation and healthcare where our products offer better savings than competing chillers.

Continue optimizing operations with goal to be sustainably EBITDA positive through continued cost controls and additional high margin revenue streams



# Q&A



## Company Information

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