

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report: November 10, 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 November 10, 2021, the registrant issued a press release with earnings commentary and supplemental information for the three and nine months ended September 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 November 11, 2021, the registrant will present 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	Earnings Release dated November 10, 2021 for the three and nine months ended September 30, 2021
99.02	Tecogen Inc.Third Quarter 2021 Earnings Call Presentation dated November 11, 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

TECOGEN INC.

By: /s/ Benjamin Locke

Benjamin Locke, Chief Executive Officer

duly authorized.

November 10, 2021



Tecogen Announces Third Quarter 2021 Results

Net Income of \$3.6 million YTD 2021 and \$1.5 million for Q3 2021

Diluted earnings per share of \$0.14/share YTD 2021 and \$0.06/share for Q3 2021

WALTHAM, Mass., November 10, 2021 - Tecogen Inc. (OTCQX:TGEN), a leading manufacturer of clean energy products, reported net income of \$1.5 million for the quarter ended September 30, 2021 compared to a net loss of \$0.2 million in 2020, an improvement of \$1.7 million. For the nine months ended September 30, 2021, net income was \$3.6 million compared to a net loss of \$2.1 million, an improvement of \$5.7 million. The increase in net income for both periods was due to the benefit from the CARES Act payroll support programs. Our gross margin increased to 47.3% in the nine months ended September 30, 2021 compared to 37.5% for the same period in 2020.

Key Takeaways

Earnings Per Share

- Net income (loss) per share, basic and diluted, was net income of \$0.15 and \$0.14 per share, respectively, in nine months ended September 30, 2021 compared to a loss of \$0.08 and \$0.08 per share in the nine months ended September 30, 2020.
- Net income (loss) per share, basic and diluted, was net income of \$0.06 in the third quarter of 2021 compared to a loss of \$0.01 in the third quarter of 2020.

Revenues

- Revenues for the quarter ended September 30, 2021 were \$5.0 million compared to \$7.2 million for the same period in 2020, a 30.3% decrease.
 - Product revenue was \$1.9 million in Q3 2021 compared to \$2.7 million in the same period in 2020, a decline of 30.8%, primarily due to lower cogeneration and chiller unit volume.
 - Services revenue was \$2.8 million in Q3 2021 compared to \$4.1 million in the same period in 2020, a decline of 31.4%, primarily due to reduced lower margin installation activity. Services contract revenue increased 5.9% to \$2.8 million compared to \$2.6 million in the third quarter of 2020.
 - Energy Production revenue decreased by \$53 thousand, or 14.5%, to \$315 thousand in Q3 2021 compared to \$369 thousand in the same period in 2020.
 - For the nine months ended September 30, 2021 revenues were \$17.2 million compared to \$22.6 million for the same period in 2020, a decrease of \$5.4 million or 23.8% year over year.
-

- Product revenue was \$6.4 million in the nine months ended September 30, 2021 compared to \$9.5 million in the same period in 2020, a decline of 32.5%, primarily due to lower cogeneration unit volume.
- Services revenue was \$9.4 million in the nine months ended September 30, 2021 compared to \$11.7 million in the same period in 2020, a decline of 19.0%, primarily due to reduced lower margin installation activity. Services contract revenue increased 14.3% to \$8.6 million compared to \$7.5 million in the same period in 2020.
- Energy production revenue in the nine months ended September 30, 2021 was \$1,339 thousand, compared to \$1,396 thousand for the same period in 2020, a decrease of \$56 thousand, or 4.0%.

Gross Profit

- Gross profit for the third quarter of 2021 was \$2.3 million compared to \$2.8 million in the third quarter of 2020. Gross margin improved to 46.7% in the third quarter compared to 38.7% for the same period in 2020 due to higher Product margin which increased to 44.6% in Q3 2021 from 40.2% in Q3 2020 and Services margin which improved to 48.1% in Q3 2021 from 37.0% in Q3 2020.
- Gross profit for the nine months ended September 30, 2021 was \$8.1 million compared to \$8.5 million for the same period in 2020, a decrease of \$0.3 million, or 4.1%. During the nine months ended September 30, 2021 gross margin increased to 47.3% compared to 37.0% for the same period in 2020 due to higher Product margin which increased to 44.1% from 40.9% and higher Services margin which increased to 50.4% from 34.9%.

Operating Expenses

- Operating expenses increased by 8.6% to \$3.3 million for the third quarter of 2021 compared to \$3.0 million in the same period of 2020. Operating expenses increased due to increased payroll and payroll related expenses and sales commissions compared to Q3 2020.
- For the nine months ended September 30, 2021 operating expenses decreased \$0.8 million, or 7.9%, to \$9.5 million compared to \$10.3 million in the same period in 2020. The decrease in operating expenses in the nine month period was 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.

Loss from Operations

- Our loss from operations for the three months ended September 30, 2021 was \$0.9 million compared to a loss of \$0.2 million for the same period in 2020, an increase of \$0.7 million. The increase in our loss from operations is due primarily to the lower revenue for our Products and Services Segment and our Energy Production Segment and an increase in operating expenses.
- For the nine months ended September 30, 2021, our loss from operations was \$1.4 million compared to a loss of \$1.8 million for the same period in 2020, a decrease of \$0.5 million. The decrease in our loss from operations is due primarily to the \$0.8 decrease in operating expenses.

Adjusted EBITDA⁽¹⁾ was a negative \$197 thousand for the third quarter of 2021 compared to negative \$67 thousand for the third quarter of 2020. For the nine months ended September 30, 2021 adjusted EBITDA was a positive \$0.4 million compared to a negative \$1.2 million for the nine months ended September 30, 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 the 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).

“This quarter was challenging due to the significant supply chain impacts on our Product Segment. We have mitigated a majority of these impacts, but were unable to ship some product during Q3 due to supplier constraints. As a result our Product Segment revenue was significantly impacted,” commented Benjamin Locke, Tecogen's Chief Executive Officer. “We expect Product sales to rebound in the fourth quarter of 2021 and further into 2022. We are pleased with the recent announcement of an order for 12 Inverde E+ units and 3 chillers which are scheduled to be shipped during Q4 2021 and Q1 2022. 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. Our board and management team are cautiously optimistic regarding anticipated improvements to product sales as evidenced by one Board member's decision to acquire an additional 150,000 shares of equity in the company on October 27, 2021 at the current market price.”

Operational Highlights:

- Issued a press release on November 10, 2021 announcing an order for 12 InVerde E+ units and 3 Tecochill chillers which are scheduled to be shipped during Q4 2021 and Q1 2022.
- Recognized Employee Retention Credits of \$0.6 million and \$1.3 million, respectively, in the third quarter and in the nine months of 2021.
- Paycheck Protection Program Second Draw Loan forgiven in full on September 8, 2021.
- Sales backlog as of November 10, 2021 is \$11.4 million, comprised of \$11.2 million of products and \$0.2 million of installation services.

Conference Call Scheduled for November 11, 2021 at 11:00 am ET

Tecogen will host a conference call on November 11, 2021 to discuss the third 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 Third 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, Tecopack and Ultera 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 November 10, 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)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,351,231	\$ 1,490,219
Accounts receivable, net	7,728,737	8,671,163
Unbilled revenue	3,842,282	4,267,249
Employee retention credit	1,276,021	—
Inventories, net	7,922,044	7,168,596
Prepaid and other current assets	572,783	597,144
Total current assets	<u>24,693,098</u>	<u>22,194,371</u>
Property, plant and equipment, net	1,917,483	2,283,846
Right of use assets	2,019,166	1,632,574
Intangible assets, net	1,234,047	1,360,319
Goodwill	2,406,156	2,406,156
Other assets	210,800	196,387
TOTAL ASSETS	<u>\$ 32,480,750</u>	<u>\$ 30,073,653</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Note payable	\$ —	\$ 837,861
Accounts payable	3,546,950	4,183,105
Accrued expenses	2,216,673	1,993,471
Deferred revenue	1,850,371	1,294,157
Lease obligations, current	628,950	506,514
Total current liabilities	<u>8,242,944</u>	<u>8,815,108</u>
Long-term liabilities:		
Note payable, net of current portion	—	1,036,339
Deferred revenue, net of current portion	250,981	115,329
Lease obligations, long-term	1,479,495	1,222,492
Deferred payroll tax liability, net of current portion	131,224	—
Unfavorable contract liability	1,348,892	1,617,051
Total liabilities	<u>11,453,536</u>	<u>12,806,319</u>
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 September 30, 2021 and December 31, 2020, respectively	24,850	24,850
Additional paid-in capital	56,965,083	56,814,428
Accumulated deficit	(35,896,586)	(39,529,621)
Total Tecogen Inc. stockholders' equity	<u>21,093,347</u>	<u>17,309,657</u>
Non-controlling interest	(66,133)	(42,323)
Total stockholders' equity	<u>21,027,214</u>	<u>17,267,334</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 32,480,750</u>	<u>\$ 30,073,653</u>

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	September 30, 2021	September 30, 2020
Revenues		
Products	\$ 1,871,332	\$ 2,705,422
Services	2,829,244	4,125,590
Energy production	315,292	368,695
Total revenues	5,015,868	7,199,707
Cost of sales		
Products	1,036,396	1,617,626
Services	1,467,019	2,597,729
Energy production	170,518	197,608
Total cost of sales	2,673,933	4,412,963
Gross profit	2,341,935	2,786,744
Operating expenses		
General and administrative	2,473,190	2,318,789
Selling	656,885	563,857
Research and development	122,031	111,253
Total operating expenses	3,252,106	2,993,899
Loss from operations	(910,171)	(207,155)
Other income (expense)		
Interest and other income (expense), net	(4,798)	(12)
Interest expense	(3,855)	(4,845)
Gain on extinguishment of debt	1,885,655	—
Employee retention credit	562,253	—
Unrealized gain (loss) on investment securities	(37,497)	—
Total other income (expense), net	2,401,758	(4,857)
Income (loss) before provision for state income taxes	1,491,587	(212,012)
Provision for state income taxes	3,000	9,397
Consolidated net income (loss)	1,488,587	(221,409)
Income attributable to the non-controlling interest	(21,890)	(10,511)
Net income (loss) attributable to Tecogen Inc.	\$ 1,466,697	\$ (231,920)
Net income (loss) per share - basic	\$ 0.06	\$ (0.01)
Net income (loss) per share - diluted	\$ 0.06	\$ (0.01)
Weighted average shares outstanding - basic	24,850,261	24,850,261
Weighted average shares outstanding - diluted	25,154,905	24,850,261

	Three Months Ended	
	September 30, 2021	September 30, 2020
Non-GAAP financial disclosure (1)		
Net income (loss) attributable to Tecogen Inc.	\$ 1,466,697	\$ (231,920)
Interest expense, net	8,653	4,857
Income taxes	3,000	9,397
Depreciation & amortization, net	116,166	100,304
EBITDA	1,594,516	(117,362)
Gain on extinguishment of debt	(1,885,655)	—
Stock based compensation	56,889	50,582
Unrealized loss on investment securities	37,497	—
Adjusted EBITDA	<u>\$ (196,753)</u>	<u>\$ (66,780)</u>

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Revenues		
Products	\$ 6,439,981	\$ 9,543,316
Services	9,438,702	11,658,263
Energy production	1,339,448	1,395,886
Total revenues	17,218,131	22,597,465
Cost of sales		
Products	3,601,408	5,640,965
Services	4,684,008	7,583,710
Energy production	796,933	887,888
Total cost of sales	9,082,349	14,112,563
Gross profit	8,135,782	8,484,902
Operating expenses		
General and administrative	7,365,495	7,645,729
Selling	1,747,959	2,022,027
Research and development	381,064	641,616
Total operating expenses	9,494,518	10,309,372
Loss from operations	(1,358,736)	(1,824,470)
Other income (expense)		
Interest and other income (expense), net	(7,127)	11,953
Interest expense	(13,583)	(121,084)
Gain on extinguishment of debt	3,773,014	—
Employee retention credit	1,276,021	—
Gain on sale of investment securities	6,046	—
Unrealized gain (loss) on investment securities	18,749	(98,403)
Total other income (expense), net	5,053,120	(207,534)
Income (loss) before provision for state income taxes	3,694,384	(2,032,004)
Provision for state income taxes	18,991	27,791
Consolidated net income (loss)	3,675,393	(2,059,795)
Income attributable to non-controlling interest	(42,358)	(28,400)
Net income (loss) attributable to Tecogen Inc.	\$ 3,633,035	\$ (2,088,195)
Net income (loss) per share - basic	\$ 0.15	\$ (0.08)
Net income (loss) per share - diluted	\$ 0.14	\$ (0.08)
Weighted average shares outstanding - basic	24,850,261	24,850,257
Weighted average shares outstanding - diluted	25,131,165	24,850,257

	Nine Months Ended	
	September 30, 2021	September 30, 2020
Non-GAAP financial disclosure (1)		
Net income (loss) attributable to Tecogen Inc.	\$ 3,633,035	\$ (2,088,195)
Interest & other expense, net	20,710	109,131
Income taxes	18,991	27,791
Depreciation & amortization, net	357,636	293,941
EBITDA	4,030,372	(1,657,332)
Gain on extinguishment of debt	(3,773,014)	—
Stock based compensation	150,655	132,312
Unrealized (gain) loss on marketable securities	(18,749)	98,403
Gain on sale of marketable securities	(6,046)	—
Non-cash abandonment of intangible assets	7,400	179,944
Adjusted EBITDA	\$ 390,618	\$ (1,246,673)

⁽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)

	Nine Months Ended	
	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income (loss)	\$ 3,675,393	\$ (2,059,795)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>		
Depreciation and amortization	357,636	293,941
Gain on extinguishment of debt	(3,773,014)	—
Employee retention credit	(1,276,021)	—
Stock-based compensation	150,655	132,312
Provision for doubtful accounts	52,000	—
Gain on disposal of assets	(9,787)	—
Gain on sale of investment securities	(6,046)	—
Unrealized (gain) loss on investment securities	(18,749)	98,403
Abandonment of intangible assets	7,400	179,944
Non-cash interest expense	—	51,190
<i>Changes in operating assets and liabilities</i>		
<i>(Increase) decrease in:</i>		
Accounts receivable	890,374	5,683,941
Unbilled revenue	424,967	51,389
Inventory	(753,447)	(737,570)
Prepaid assets and other current assets	24,361	117,109
Other assets	(387,847)	532,293
<i>Increase (decrease) in:</i>		
Accounts payable	(636,156)	(1,455,881)
Accrued expenses and other current liabilities	378,970	145,848
Deferred revenue	691,867	(1,619,696)
Other liabilities	379,440	—
Net cash provided by operating activities	171,996	1,413,428
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(84,160)	(59,952)
Proceeds from the sale of investment securities	11,637	—
Purchases of intangible assets	(56,349)	(123,252)
Proceeds from sale of assets	9,787	—
Payment of stock issuance costs	—	(1,951)
Distributions to non-controlling interest	(66,168)	(41,740)
Net cash used in investing activities	(185,253)	(226,895)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	1,874,269	1,874,200
Payments on revolving line of credit, net	—	(2,452,329)
Proceeds from exercise of stock options	—	1,200
Net cash provided by (used in) financing activities	1,874,269	(576,929)
Net increase in cash and cash equivalents	1,861,012	609,604
Cash and cash equivalents, beginning of the period	1,490,219	877,676
Cash and cash equivalents, end of the period	\$ 3,351,231	\$ 1,487,280
Supplemental disclosures of cash flows information:		
Cash paid for interest	\$ —	\$ 62,007
Cash paid for taxes	\$ 18,991	\$ 27,791



OTCQX: TGEN

EARNINGS CALL NOV 11, 2021

THIRD QUARTER 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
-  3Q 2021 Results
-  Earnings Takeaways
-  Q&A



3,000+
Units Shipped

Providing resiliency and energy savings with a cleaner environmental footprint



DISTRIBUTED GENERATION

3rd in number of microgrids installed in North America



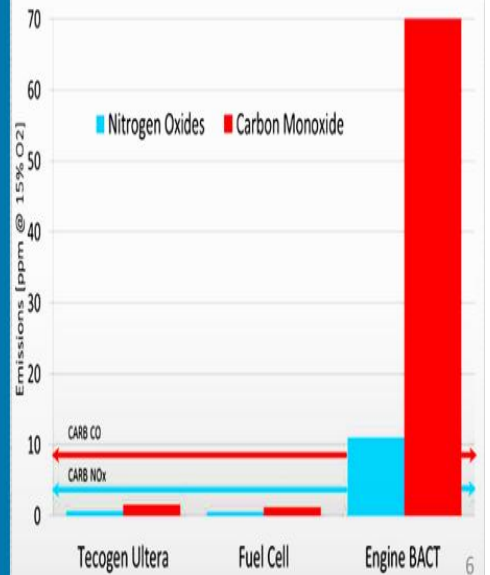
EMISSIONS

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



200,000+

METRIC TONS OF CO2
SAVED



3,000+

DISTRIBUTED
GENERATION AND
CHILLERS SHIPPED



2.1M+

KWH GENERATED



52M+

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.

3Q 2021 RESULTS



Highlights

- Net income of \$0.14/share YTD 2021
- Net income of \$0.06/share 3Q 2021
- Cash and equivalents balance of \$3.35 million

Revenue = \$5.02 million

- Compared to \$7.2 million in 3Q '20, 30% decrease
- Products revenue down 31% due to temporary supply chain issues
- Service down 31% from lower installation activity, maintenance contract revenue increased 6%
- Energy production decreased 14%

Gross Margin of 47% favorably impacted by sales mix and reduced warranty costs

Op Ex = \$3.25 million

- Increased OpEx by 8.6% vs. 3Q'20 primarily due to rep sales commissions

Net income of \$1.47 million

- Compared to \$0.23 million loss in 3Q'20
- Favorably impacted by ERC credit and PPP loan forgiveness

<i>\$ in thousands</i>	3Q'21	3Q'20	YoY Change	%
Revenue				
	\$ 1,871	\$ 2,705	\$ (834)	
Products				
Service	2,830	4,126	(1,295)	
Energy Production	315	369	(53)	
Total Revenue	5,016	7,200	(2,184)	-30.3%
Gross Profit				
Products	835	1,088	(253)	
Service	1,362	1,528	(166)	
Energy Production	145	171	(26)	
Total Gross Profit	2,342	2,787	(445)	-16.0%
Gross Margin: %				
Products	45%	40%	4%	
Service	48%	37%	11%	
Energy Production	46%	46%	0%	
Total Gross Margin	47%	39%	8%	
Operating Expenses				
General & administrative	2,473	2,319	154	
Selling	657	564	93	
Research and development	122	111	11	
Total operating expenses	3,252	2,994	258	8.6%
Operating profit (loss)	(910)	(207)	(703)	-339.4%
Net Income	\$ 1,467	\$ (232)	\$ 1,699	732.4%

3Q 2021 ADJUSTED EBITDA RECONCILIATION



		Quarter Ended, Sept. 30,	
		3Q 2021	3Q 2020
EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization			
<ul style="list-style-type: none"> EBITDA favorably impacted by Employee Retention Credit of \$562k 			
EBITDA Non-cash adjustments			
<ul style="list-style-type: none"> Stock based compensation Forgiveness of PPP loan Unrealized and realized (gain) loss on investment securities 			
Non-GAAP financial disclosure (in thousands)			
Net income (loss) attributable to Tecogen Inc.		\$ 1,467	\$ (232)
Interest expense, net		9	5
Income tax expense		3	9
Depreciation & amortization, net		116	100
EBITDA		1,595	(117)
Gain on extinguishment of debt		(1,886)	-
Stock based compensation		57	51
Unrealized (gain) loss on marketable securities		37	-
Adjusted EBITDA*		\$ (197)	\$ (67)

*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 31% QoQ
 - All products faced some supply chain constraints
 - One \$1.5m order of chillers was unable to ship in Q3 and will be shipped in Q4
 - Product backlog improving with outlook for 1Q and 2Q 22 positive

- Service revenue** declined 31% QoQ
 - Installation services down 96% QoQ
 - Service contracts/parts up 6% QoQ
 - Services Gross Margin increased to 48%

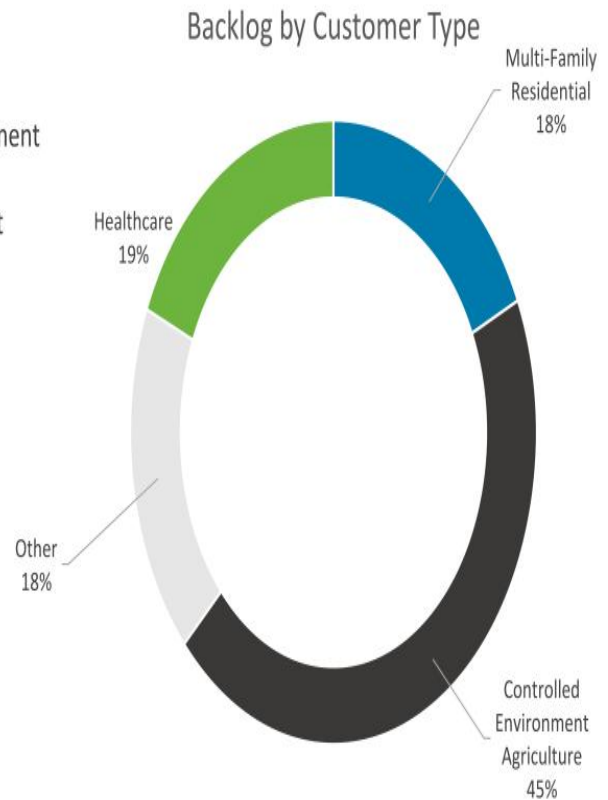
- Energy Production** decreased 14% QoQ

- Gross Margin** 47%

3Q Revenue (\$ thousands)	2021	2020	YoY Growth
Revenue			
Cogeneration	\$ 1,446	\$ 1,890	-23%
Chiller	383	769	-50%
Engineered accessories	42	46	-8%
Total Product Revenue	1,871	2,705	-31%
Service Contracts	2,767	2,612	6%
Installation Services	63	1,514	-96%
Total Service Revenue	2,830	4,126	-31%
Energy Production	315	369	-14%
Total Revenue	5,016	7,200	-30%
Cost of Sales			
Products	1,036	1,617	-36%
Services	1,467	2,598	-44%
Energy Production	171	198	-14%
Total Cost of Sales	2,674	4,413	-39%
Gross Profit	2,342	2,787	-16%
Net income (loss)	\$ 1,467	\$ (232)	
Gross Margin			
Products	45%	40%	
Services	48%	37%	
Aggregate Products and Services	47%	38%	
Energy Production	46%	46%	
Overall	47%	39%	
QTD Gross Margin	2021	2020	Target
Overall	47%	39%	>40%

3Q 2021 EARNINGS TAKEAWAYS

- Business Segments Recovering from COVID Challenges**
 - Product backlog increased 35% from year-end
 - Continued penetration into Cannabis and controlled environment agriculture markets
 - Signed up new reps for chillers to focus on key cooling market segments
- Stable Cash Position**
 - Quarter-end cash and equivalent balance of \$3.35 million
- Sustainable Corporate Improvements**
 - Improved margins in Products and Services segment
 - Operational and manufacturing improvements
- Current Backlog = \$11.4 million**
 - Product backlog = \$11.2 million



PATHWAY TO GROWTH



2022

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

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.

Focus on Clean Cooling applications where there is a simultaneous cooling and dehumidification load. Continue to increase market share in regional cannabis markets including New England, Mid-Atlantic and Florida with a goal to have a minimum of 30% market share per state in facilities > 10,000 sq feet.

Q&A



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