

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

FORM 8-K

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

Date of report: March 10, 2022



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

Delaware  
(State or Other Jurisdiction of Incorporation)

001-36103  
(Commission File Number)

04-3536131  
(IRS Employer Identification No.)

45 First Avenue  
Waltham, Massachusetts  
(Address of Principal Executive Offices)

02451  
(Zip Code)

(781) 466-6400  
(Registrant's telephone number, including area code)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of exchange on which registered

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

On March 10, 2022, the registrant issued a press release with earnings commentary and supplemental information for the three and twelve months ended December 31, 2022. The press release is furnished as Exhibit 99.01 to this Current Report on Form 8-K.

The information in this Item 2.02 and Exhibit 99.01 to this Current Report on Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 7.01. Regulation FD Disclosure.**

On March 10, 2022, 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	<a href="#">Earnings Release dated March 10, 2022 for the three months and year ended December 31, 2021.</a>
99.02	<a href="#">Tecogen Earnings Call Presentation dated March 10, 2022.</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.

March 10, 2022



## **Tecogen Announces 2021 Results**

*Net Income of \$3.7 million for FY 2021 and \$63.0 thousand for Q4 2021*

*Earnings of \$0.15 per share for FY 2021*

WALTHAM, Mass., March 10, 2022 - Tecogen Inc. (OTCQX:TGEN), a leading manufacturer of clean energy products, reported net income of \$63.0 thousand for the quarter ended December 31, 2021 and \$3.7 million for the full year compared to a net loss of \$4.1 million and \$6.2 million, respectively, in 2020. This represents an improvement of \$4.0 million and \$9.8 million respectively. The increase in net income for the quarter was due to improved operations and for the year was helped significantly by the PPP loan forgiveness and Employee Retention Credit. Our gross margin increased to 47.5% for the year ended December 31, 2021 compared to 38.3% for the same period in 2020. The company also generated positive cash flow from operations of \$465 thousand in 2021 compared to \$1.4 million in 2020. The year end cash balance was \$3.6 million.

### **Key Takeaways**

#### *Earnings Per Share*

- Net income (loss) per share, basic and diluted, was \$0.15/share for FY 2021 and \$0.00 per share for Q4 2021 compared to a loss of \$0.25 and \$0.16 per share for the same periods in 2020.

#### *Income from Operations*

- Operating income was \$130 thousand for the quarter compared to a loss of \$4.1 million during the same period in 2020. The increase in our operating income is due primarily to the increased revenue and margins for our Products Segment and increased revenue from our service contracts in the Services Segment. In the quarter ended December 31, 2021, we also saw no goodwill impairment associated with the ADGE contracts whereas for the same period in 2020 the goodwill impairment amounted to \$2.9 million.
  - For the year ended December 31, 2021, our loss from operations was \$1.2 million compared to a loss of \$6.0 million for the same period in 2020, a decrease of \$4.7 million. The decrease in our loss from operations is due primarily to zero goodwill write
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downs with respect our ADGE energy producing assets and to improved operations in the fourth quarter of 2021.

### *Revenues*

- Revenues for the quarter ended December 31, 2021 were \$7.2 million compared to \$5.7 million for the same period in 2020, a 26.9% increase.
  - Product revenue was \$3.7 million in Q4 2021 compared to \$1.9 million in the same period in 2020, an increase of 92.0% primarily due to an increase in chiller sales.
  - Services revenue was \$3.1 million in Q4 2021 compared to \$3.3 million in the same period in 2020, a decline of 6.2% due to reduced lower margin installation activity. Service contract revenue (O&M revenue) increased to \$2.9 million or 16.8% in Q4 2021 from \$2.5 million during the same period in 2020.
  - Energy Production revenue decreased by \$41.6 thousand, or 9.4%, to \$400 thousand in Q4 2021 compared to \$441 thousand in the same period in 2020.
- For the year ended December 31, 2021, revenues were \$24.4 million compared to \$28.3 million in FY 2020, a decrease of \$3.9 million or 13.6% year over year.
  - Product revenue was \$10.1 million in the 2021 compared to \$11.5 million in FY 2020, a decline of 11.6%, as a result of reduced sales activities in the first half of 2021.
  - Services revenue was \$12.5 million for FY 2021 compared to \$15.0 million in FY 2020, a decline of 16.2% due to reduced lower margin installation activity. Service contract revenue (O&M revenue) increased 15.0% to \$11.6 million for FY 2021 compared to \$10.1 million in FY 2020.
  - Energy production revenue for FY 2021 was \$1.7 million, compared to \$1.8 million in FY 2020, a decrease of 5.3%.

### *Gross Profit*

- Gross profit for the fourth quarter of 2021 was \$3.5 million compared to \$2.3 million in the fourth quarter of 2020. Gross margin improved to 48.1% in the fourth quarter of 2021 compared to 41.4% for the same period in 2020.
  - Gross profit for FY 2021 was \$11.6 million compared to \$10.8 million for FY 2020, an increase of 7.0%. For FY 2021 gross margin increased to 47.5% compared to 38.3% for the same period in 2020 due to higher Product and Service margins.
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## Operating Expenses

- Operating expenses decreased by 48.7% to \$3.3 million for the fourth quarter of 2021 compared to \$6.5 million in the same period of 2020. Operating expenses were higher in 2020 primarily due to the impairment of long-lived assets and goodwill.
- For FY 2021 operating expenses decreased \$4.0 million, or 23.7%, to \$12.8 million compared to \$16.8 million for FY 2020. The decrease is due primarily to the impairment of long-lived assets and goodwill recognized in 2020 and, to a lesser extent, operating expense cost controls, resulting in decreased payroll and payroll related expenses and reductions in other operating expenses compared to FY 2020.

Adjusted EBITDA was a positive \$284 thousand for the fourth quarter of 2021 compared to a loss of \$929 thousand for the fourth quarter of 2020. For the year ended December 31, 2021 adjusted EBITDA was a positive \$0.7 million compared to a negative \$2.2 million for FY 2020. The FY 2021 adjusted EBITDA benefited from \$1.2m million of Employee Retention Credit. (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).

"We had a significantly improved 4<sup>th</sup> quarter and year in 2021 compared to 2020" commented Benjamin Locke, Tecogen's Chief Executive Officer. "As COVID effects recede, our business has started to rebound. We have also been seeing improved sales as a result of our strategic focus on key market segments such as controlled environment agriculture, healthcare and multifamily. Our chiller product in particular has seen significant penetration in the cannabis cultivation space. More than 45% of our current backlog is in this high growth market."

## Conference Call Scheduled for March 10, 2022 at 11:00 am ET

Tecogen will host a conference call on March 10, 2022 to discuss the fourth 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 Fourth 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.

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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 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.

### **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 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.

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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**  
As of December 31, 2021 and 2020 (unaudited)

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,614,463	\$ 1,490,219
Accounts receivable, net	8,482,286	8,671,163
Unbilled revenue	3,258,189	4,267,249
Inventory, net	7,764,989	7,168,596
Employee Retention Credit	1,276,021	—
Prepaid and other current assets	578,801	597,144
<b>Total current assets</b>	<b>24,974,749</b>	<b>22,194,371</b>
Property, plant and equipment, net	1,782,944	2,283,846
Right of use assets	1,869,210	1,632,574
Intangible assets, net	1,181,023	1,360,319
Goodwill	2,406,156	2,406,156
Other assets	148,140	196,387
<b>TOTAL ASSETS</b>	<b>\$ 32,362,222</b>	<b>\$ 30,073,653</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Note payable, current	\$ —	\$ 837,861
Accounts payable	3,508,354	4,183,105
Accrued expenses	2,343,728	1,993,471
Deferred revenue	1,957,752	1,294,157
Lease obligations, current	641,002	506,514
Unfavorable contract liabilities, current	330,032	355,665
<b>Total current liabilities</b>	<b>8,780,868</b>	<b>9,170,773</b>
<b>Long-term liabilities:</b>		
Deferred revenue, net of current portion	208,456	115,329
Note payable, net of current portion	—	1,036,339
Lease obligations, long-term	1,315,275	1,222,492
Unfavorable contract liability, long-term	929,474	1,261,386
<b>Total liabilities</b>	<b>11,234,073</b>	<b>12,806,319</b>
<b>Stockholders' equity:</b>		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,850,261 and 24,850,261 issued and outstanding at December 31, 2021 and 2020, respectively	24,850	24,850
Additional paid-in capital	57,016,859	56,814,428
Accumulated deficit	(35,833,621)	(39,529,621)
<b>Total Tecogen Inc. stockholders' equity</b>	<b>21,208,088</b>	<b>17,309,657</b>
Noncontrolling interest	(79,939)	(42,323)
<b>Total stockholders' equity</b>	<b>21,128,149</b>	<b>17,267,334</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 32,362,222</b>	<b>\$ 30,073,653</b>



**TECOGEN INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Three Months Ended December 31, 2021 and 2020  
(unaudited)

	2021	2020
Revenues		
Products	\$ 3,693,349	\$ 1,923,400
Services	3,086,891	3,292,418
Energy production	399,702	441,295
Total revenues	7,179,942	5,657,113
Cost of sales		
Products	1,999,637	1,258,978
Services	1,450,945	1,773,767
Energy production	277,488	281,758
Total cost of sales	3,728,070	3,314,503
Gross profit	3,451,872	2,342,610
Operating expenses		
General and administrative	2,437,727	2,833,965
Selling	723,971	571,141
Research and Development	161,015	125,707
Gain on sales of assets	(400)	(32)
Long-lived asset impairment	—	71,963
Goodwill impairment	—	2,875,711
Total operating expenses	3,322,313	6,478,455
Income (loss) from operations	129,559	(4,135,845)
Other income (expense)		
Interest and other income	(6,533)	(14,432)
Interest expense	(655)	(4,741)
Unrealized loss on investment securities	(56,246)	—
Total other expense, net	(63,434)	(19,173)
Income (Loss) before income taxes	66,125	(4,155,018)
Income tax provision	500	2,380
Consolidated net income (loss)	65,625	(4,157,398)
(Income) loss attributable to the noncontrolling interest	(2,659)	95,084
Net income (loss) attributable to Tecogen Inc	\$ 62,966	\$ (4,062,314)
Net income (loss) per share - basic	\$ —	\$ (0.16)
Weighted average shares outstanding - basic	24,850,261	24,850,258
Net income (loss) per share - diluted	\$ —	\$ (0.16)
Weighted average shares outstanding - diluted	25,063,864	24,850,258

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Three Months Ended December 31, 2021 and 2020  
(unaudited)

<b>AAP financial disclosure <sup>(1)</sup></b>		2021	2020
Income (loss) attributable to Tecogen Inc	\$	62,966	(4,062,314)
Interest expense, net		655	4,741
Provision for income taxes		500	2,380
Depreciation and amortization, net		112,218	120,186
Gain (loss) on sale of assets		176,339	(3,935,007)
Equity-based compensation		51,775	58,632
Realized loss on securities		56,246	—
Inventory write down		—	—
Goodwill impairment		—	71,963
Other intangible asset impairment		—	2,875,711
Adjusted EBITDA	\$	<u>284,360</u>	<u>(928,701)</u>

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2021 and 2020  
(unaudited)

	2021	2020
Revenues		
Products	\$ 10,133,329	\$ 11,466,716
Services	12,525,594	14,950,682
Energy production	1,739,150	1,837,181
Total revenues	<u>24,398,073</u>	<u>28,254,579</u>
Cost of sales		
Products	5,601,046	6,899,942
Services	6,134,953	9,357,478
Energy production	1,074,421	1,169,645
Total cost of sales	<u>12,810,420</u>	<u>17,427,065</u>
Gross profit	<u>11,587,653</u>	<u>10,827,514</u>
Operating expenses		
General and administrative	9,795,823	10,311,086
Selling	2,471,929	2,593,168
Research and development	542,079	767,323
Gain on sale of assets	(10,486)	(11,367)
Long-lived asset impairment	7,400	251,906
Goodwill impairment	—	2,875,711
Total operating expenses	<u>12,806,745</u>	<u>16,787,827</u>
Loss from operations	<u>(1,219,092)</u>	<u>(5,960,313)</u>
Other income (expense)		
Interest and other income	(23,746)	(2,479)
Interest expense	(14,238)	(125,824)
Gain on extinguishment of debt	3,773,014	—
Employee Retention Credit	1,276,021	—
Gain on the sale of investments	6,046	—
Unrealized loss on investment securities	(37,497)	(98,404)
Total other income (expense), net	<u>4,979,600</u>	<u>(226,707)</u>
Income (loss) before income taxes	<u>3,760,508</u>	<u>(6,187,020)</u>
State income tax provision	19,491	30,171
Consolidated net income (loss)	<u>3,741,017</u>	<u>(6,217,191)</u>
(Income) loss attributable to the noncontrolling interest	(45,017)	66,684
Net income (loss) attributable to Tecogen Inc.	<u>\$ 3,696,000</u>	<u>\$ (6,150,507)</u>
Net income (loss) per share - basic	<u>\$ 0.15</u>	<u>\$ (0.25)</u>
Weighted average shares outstanding - basic	<u>24,850,261</u>	<u>24,850,258</u>
Net income (loss) per share - diluted	<u>\$ 0.15</u>	<u>\$ (0.25)</u>
Weighted average shares outstanding -diluted	<u>25,115,518</u>	<u>24,850,258</u>

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2021 and 2020  
(unaudited)

<b>AAP financial disclosure <sup>(1)</sup></b>	2021	2020
Income (loss) attributable to Tecogen Inc	\$ 3,696,000	(6,150,507)
Provision for income taxes	19,491	30,171
Interest expense, net	14,238	125,824
Depreciation and amortization, net	469,854	414,127
Gain (loss) on disposal of assets	4,199,583	(5,580,385)
Stock-based compensation	202,431	190,944
Gain on extinguishment of debt	(3,773,014)	—
Realized loss on investment securities	31,451	98,404
Goodwill impairment	—	2,875,711
Goodwill impairment	7,400	251,906
Adjusted EBITDA <sup>(2)</sup>	\$ 667,851	(2,163,420)

**<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.*

**<sup>(2)</sup> Employee Retention Credit**

*The adjusted EBITDA in 2021 benefits from \$1.2 million of Employee Retention Credit.*

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2021 and 2020  
(unaudited)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated net income (loss)	\$ 3,741,017	\$ (6,217,191)
Adjustments to reconcile net income (loss) to net cash used provided by activities:		
Depreciation, accretion and amortization, net	469,854	414,127
Gain on the extinguishment of debt	(3,773,014)	—
Employee Retention Credit	(1,276,021)	—
Long-lived asset impairment	7,400	251,906
Gain on sale of assets	(10,486)	(11,367)
Provision for losses on accounts receivable	131,206	656,397
Gain on the sale of investments	(6,046)	—
Provision for inventory reserve	—	86,000
Unrealized loss on investment securities	37,497	98,404
Stock-based compensation	202,431	190,944
Goodwill impairment	—	2,875,711
Non-cash interest expense	—	51,190
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	57,618	5,555,235
Inventory, net	(596,393)	(849,367)
Unbilled revenue	1,009,060	1,154,562
Prepaid expenses and other current assets	18,343	37,889
Other non-current assets	(231,478)	825,817
Increase (decrease) in:		
Accounts payable	(674,750)	(1,088,651)
Accrued expenses and other current liabilities	602,073	(524,358)
Deferred revenue	756,722	(2,100,011)
Net cash provided by operating activities	<u>465,033</u>	<u>1,407,237</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(91,451)	(59,952)
Proceeds on sale of property and equipment	10,486	26,335
Purchases of intangible assets	(63,097)	(123,252)
Proceeds from sale of investments	11,637	—
Distributions to non-controlling interest	(82,633)	(60,896)
Net used in investing activities	<u>(215,058)</u>	<u>(217,765)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on revolving line of credit, net	—	(2,452,329)
Proceeds from note payable	1,874,269	1,874,200
Proceeds from exercise of stock options	—	1,200
Net cash provided by (used in) financing activities	<u>1,874,269</u>	<u>(576,929)</u>
Change in cash and cash equivalents	2,124,244	612,543
Cash and cash equivalents, beginning of the year	1,490,219	877,676
Cash and cash equivalents, end of the year	<u>\$ 3,614,463</u>	<u>\$ 1,490,219</u>



OTCQX: TGEN

FY 2021 EARNINGS CALL

MARCH 10, 2022


# MANAGEMENT



- 🌱 Benjamin Locke - CEO
- 🌱 Robert Panora – COO & President
- 🌱 Abinand Rangesh – CFO & Treasurer
- 🌱 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
-  4Q 2021 Results
-  FY 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



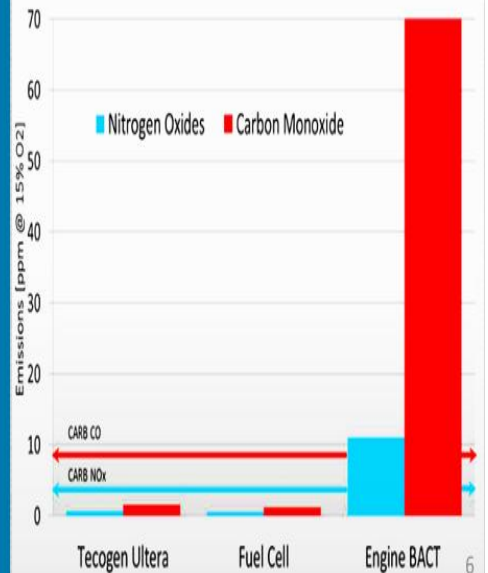
# EMISSIONS

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



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.

# 4Q 2021 RESULTS



## Highlights

- Net Income of \$0/share Q4 2021
- Net Income \$63k
- Cash and equivalents balance of \$3.6 million

## Revenue = \$7.18 million

- Compared to \$5.66 million in 4Q '20, 27% increase
- Service down due to lower installation activity, maintenance contract revenue increased 17%

## Gross Margin of 48% favorably impacted by sales mix and reduced install activity

## Op Ex = \$3.32 million

## Net Income of \$63k

- Compared to \$4 million loss in 4Q'20

<i>\$ in thousands</i>	4Q'21	4Q'20	YoY Change	%
<b>Revenue</b>				
Products	\$ 3,693	\$ 1,923	\$ 1,770	
Service	3,087	3,292	(206)	
Energy Production	400	441	(41)	
<b>Total Revenue</b>	<b>7,180</b>	<b>5,657</b>	<b>1,523</b>	<b>26.9%</b>
<b>Gross Profit</b>				
Products	1,694	664	1,029	
Service	1,636	1,519	117	
Energy Production	122	159	(37)	
<b>Total Gross Profit</b>	<b>3,452</b>	<b>2,342</b>	<b>1,110</b>	<b>47.4%</b>
<b>Gross Margin: %</b>				
Products	46%	35%	11%	
Service	53%	46%	7%	
Energy Production	31%	36%	-5%	
<b>Total Gross Margin</b>	<b>48%</b>	<b>41%</b>	<b>7%</b>	
<b>Operating Expenses</b>				
General & administrative	2,438	2,834	(396)	
Selling	724	571	153	
Research and development	161	126	35	
Impairment and other expenses	-	2,947	(2,947)	
<b>Total operating expenses</b>	<b>3,323</b>	<b>6,478</b>	<b>(3,155)</b>	<b>-48.7%</b>
<b>Operating profit (loss)</b>	<b>129</b>	<b>(4,136)</b>	<b>4,265</b>	<b>103.1%</b>
<b>Net Income (loss)</b>	<b>\$ 63</b>	<b>\$ (4,062)</b>	<b>\$ 4,125</b>	<b>101.5%</b>

# YE 2021 RESULTS



## Highlights

- Net Income of \$0.15/share YE 2021
- Net Income \$3.69m

## Revenue = \$24.39 million

- Compared to \$28.25 million in 2020, 13.6% decrease
- Product revenue down for FY 2021 due to
  - COVID related reduced sales activity
  - Some supply chain issues in Q3
- Service down due to lower installation activity, maintenance contract revenue increased 15%

## Gross Margin of 47% favorably impacted by sales mix and reduced install activity

## Op Ex = \$12.8m in 2021 compared to \$16.8m in 2020 or 23.7% reduction

<i>\$ in thousands</i>	YE 21	YE 20	YoY Change	%
<b>Revenue</b>				
Products	\$ 10,133	\$ 11,467	\$ (1,333)	
Service	12,526	14,951	(2,425)	
Energy Production	1,739	1,837	(98)	
<b>Total Revenue</b>	<b>24,398</b>	<b>28,254</b>	<b>(3,856)</b>	<b>-13.6%</b>
<b>Gross Profit</b>				
Products	4,532	4,567	(34)	
Service	6,391	5,593	798	
Energy Production	665	668	(3)	
<b>Total Gross Profit</b>	<b>11,588</b>	<b>10,827</b>	<b>760</b>	<b>7.0%</b>
<b>Gross Margin: %</b>				
Products	45%	40%	5%	
Service	51%	37%	14%	
Energy Production	38%	36%	2%	
<b>Total Gross Margin</b>	<b>47%</b>	<b>38%</b>	<b>9%</b>	
<b>Operating Expenses</b>				
General & administrative	9,796	10,311	(515)	
Selling	2,472	2,593	(121)	
Research and development	542	767	(225)	
Impairment and other expenses	(3)	3,116	(3,119)	
<b>Total operating expenses</b>	<b>12,807</b>	<b>16,787</b>	<b>(3,980)</b>	<b>-23.7%</b>
Operating profit (loss)	(1,219)	(5,960)	4,740	<b>79.5%</b>
Other Income (expense)	4,980	(227)	5,207	
<b>Net Income (loss)</b>	<b>\$ 3,696</b>	<b>\$ (6,151)</b>	<b>\$ 9,847</b>	<b>160.1%</b>

# 4Q 2021 ADJUSTED EBITDA RECONCILIATION



- 🔗 **EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization**
  - 🔗 **EBITDA and adjusted EBITDA were both positive at \$176k and \$284k respectively**

- 🔗 **EBITDA Non-cash adjustments**
  - Stock based compensation
  - Unrealized and realized (gain) loss on investment securities

Non-GAAP financial disclosure (in thousands)	Quarter Ended, Dec. 31,	
	2021	2020
Net income (loss) attributable to Tecogen Inc.	\$ 63	\$ (4,062)
Interest expense, net	1	5
Income tax expense	1	2
Depreciation & amortization, net	112	120
<b>EBITDA</b>	<b>176</b>	<b>(3,935)</b>
Stock based compensation	52	58
Unrealized (gain) loss on marketable securities	56	
Long-lived asset impairment	-	72
Goodwill impairment	-	2,876
<b>Adjusted EBITDA*</b>	<b>\$ 284</b>	<b>\$ (929)</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



# YE 2021 ADJUSTED EBITDA RECONCILIATION



## EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA and Adjusted EBITDA favorably impacted by Employee Retention Credit of \$1.2m

## EBITDA Non-cash adjustments

- Stock based compensation
- Forgiveness of PPP loan
- Unrealized and realized (gain) loss on investment securities

Non-GAAP financial disclosure (in thousands)	Year Ended, Dec. 31,	
	FY 2021	FY 2020
Net income (loss) attributable to Tecogen Inc.	\$ 3,696	\$ (6,151)
Interest expense, net	14	126
Income tax expense	19	30
Depreciation & amortization, net	470	414
<b>EBITDA</b>	<b>4,200</b>	<b>(5,580)</b>
Stock based compensation	202	191
Unrealized loss on marketable securities	31	98
Long-lived asset impairment	7	252
Goodwill impairment	-	2,876
Gain on extinguishment of debt	(3,773)	-
<b>Adjusted EBITDA*</b>	<b>\$ 667</b>	<b>\$ (2,163)</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

# 4Q 21 PERFORMANCE BY SEGMENT



- ↻ **Product Revenue** increased 92% QoQ
  - 257% increase in chiller shipments
  - Product backlog improving with outlook for 1Q and 2Q 22 positive
  
- ↻ **Service Revenue** declined 6% QoQ
  - Installation services down 85% QoQ
  - Service contracts (O&M) up 17% QoQ
  - Services Gross Margin increased to 53%
  
- ↻ **Energy Production Revenue** decreased 9% QoQ
  
- ↻ **Gross Margin** 48%

4Q Revenues (\$ thousands)	2021	2020	YoY Growth
<b>Revenues</b>			
Cogeneration	\$ 721	\$ 999	-28%
Chiller	2,794	782	257%
Engineered accessories	178	142	25%
<b>Total Product Revenues</b>	<b>3,693</b>	<b>1,923</b>	<b>92%</b>
Service Contracts	2,973	2,545	17%
Installation Services	114	748	-85%
<b>Total Service Revenues</b>	<b>3,087</b>	<b>3,293</b>	<b>-6%</b>
Energy Production	400	441	-9%
<b>Total Revenues</b>	<b>7,180</b>	<b>5,657</b>	<b>27%</b>
<b>Cost of Sales</b>			
Products	2,000	1,258	59%
Services	1,451	1,774	-18%
Energy Production	277	282	-2%
<b>Total Cost of Sales</b>	<b>3,728</b>	<b>3,314</b>	<b>12%</b>
<b>Gross Profit</b>	<b>3,452</b>	<b>2,343</b>	<b>47%</b>
Net income (loss)	\$ 63	\$ (4,062)	
<b>Gross Margin</b>			
Products	46%	35%	
Services	53%	46%	
Aggregate Products and Services	49%	42%	
Energy Production	31%	36%	
Overall	48%	41%	
<b>QTD Gross Margin</b>			
	<b>2021</b>	<b>2020</b>	<b>Target</b>
Overall	48%	41%	>40%

# YE 21 PERFORMANCE BY SEGMENT



- 🌱 **Product Revenue** decreased 12% YoY
  - 340% increase in chiller shipments
  - 65% decrease in cogeneration
  - Product margins increased to 45% from 40%
  
- 🌱 **Service Revenue** declined 16% YoY
  - Installation services down 81% YoY
  - Service contracts (O&M) up 15% YoY
  - Services Gross Margin increased to 51% from 37%
  
- 🌱 **Energy Production Revenue** decreased 5% YoY
  
- 🌱 **Gross Margin** increased to 47% from 38%
  
- 🌱 **Gross Profit increased 7%** due to favorable product mix and reduced install activities

YE 2021 Revenues (\$ thousands)	2021	2020	YoY Growth
<b>Revenues</b>			
Cogeneration	\$ 3,264	\$ 9,234	-65%
Chiller	5,723	1,300	340%
Engineered accessories	1,146	933	23%
<b>Total Product Revenues</b>	<b>10,133</b>	<b>11,467</b>	<b>-12%</b>
Service Contracts	11,587	10,078	15%
Installation Services	939	4,873	-81%
<b>Total Service Revenues</b>	<b>12,526</b>	<b>14,951</b>	<b>-16%</b>
Energy Production	1,739	1,837	-5%
<b>Total Revenues</b>	<b>24,398</b>	<b>28,255</b>	<b>-14%</b>
<b>Cost of Sales</b>			
Products	5,601	6,900	-19%
Services	6,135	9,357	-34%
Energy Production	1,074	1,170	-8%
<b>Total Cost of Sales</b>	<b>12,810</b>	<b>17,427</b>	<b>-26%</b>
<b>Gross Profit</b>	<b>11,588</b>	<b>10,828</b>	<b>7%</b>
Net income (loss)	\$ 3,696	\$ (6,151)	
<b>Gross Margin</b>			
Products	45%	40%	
Services	51%	37%	
Aggregate Products and Services	48%	38%	
Energy Production	38%	36%	
Overall	47%	38%	
<b>Gross Margin</b>	<b>2021</b>	<b>2020</b>	<b>Target</b>
Overall	47%	38%	>40%

# 2021 EARNINGS TAKEAWAYS

## Business Segments Recovering from COVID Challenges

- Q4 Product Revenue \$3.69 mm, Product Backlog \$11.8 mm
- Continued penetration into Cannabis and controlled environment agriculture markets
- Signed up new reps and sales partnership agreements for chillers to focus on key cooling market segments

## Consistent Growth in Service O&M Segment

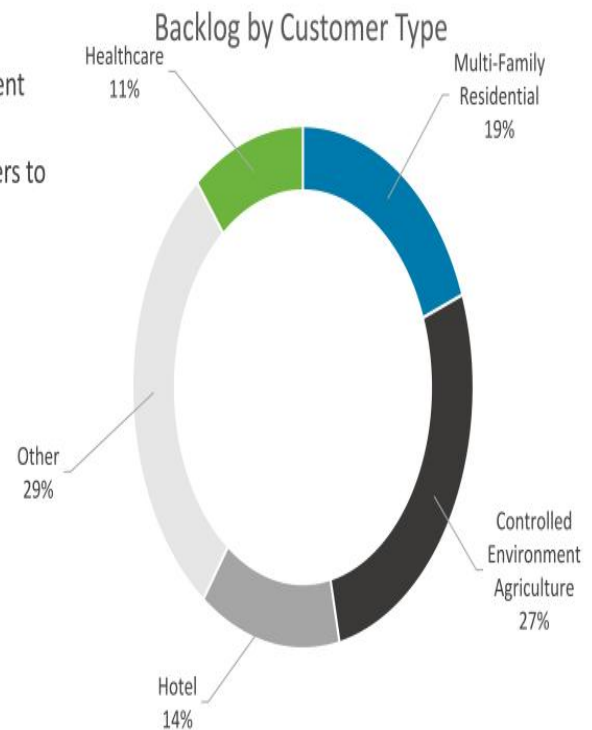
- Service O&M up 15% YoY, 17% QoQ
- FY 2021 Service Gross Margin 51%

## Sustainable Corporate Improvements

- Improved margins in Products and Services segments
- Operational and manufacturing improvements

## Strong Cash Position

- Quarter-end cash and equivalent balance of \$3.6 million
- Current cash balance \$4.2 million
- Expect ERC cash (\$1.2 mm) pending



# 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



## Company Information

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