

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, 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 November 10, 2022, the registrant issued a press release with earnings commentary and supplemental information for the three and nine months ended September 30, 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 November 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 November 10, 2022 for the three and nine months ended September 30, 2022.</a> |
| 99.02          | <a href="#">Tecogen Earnings Call Presentation dated November 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.

November 10, 2022



## **Tecogen Announces Third Quarter 2022 Results**

*Q3 2022 revenue of \$6.6 million, an increase of 31.9% QoQ and  
YTD 2022 revenue of \$20.5 million, an increase of 18.9% YoY*

WALTHAM, Mass., November 10, 2022 - Tecogen Inc. (OTCQX:TGEN), a leading manufacturer of clean energy products, reported revenues of \$6.6 million and a net loss of \$0.3 million for the quarter ended September 30, 2022 compared to revenues of \$5.0 million, and a net profit of \$1.5 million in 2021. For the nine months ended September 30, 2022 revenues were \$20.5 million and a net loss of \$1.0 million compared to revenues of \$17.2 million and net income of \$3.6 million for the same period in 2021. The positive net income in Q3 2021 and the nine months ended September 30, 2021 was primarily due to the benefit from the CARES Act payroll support programs.

### ***Key Takeaways***

#### *Net Income and Earnings Per Share*

- Net loss in Q3 2022 was \$0.3 million compared to net income of \$1.5 million in Q3 2021, a decrease of \$1.7 million, primarily due to forgiveness of the PPP loan and the recognition of Employee Retention Credit in Q3 2021. EPS was a loss of \$0.01/share and net income of \$0.06/share in Q3 2022 and Q3 2021, respectively.
- Net loss in YTD 2022 was \$1.0 million compared to net income of \$3.6 million in 2021, a decrease of \$4.7 million, primarily due to the forgiveness of the PPP loan and the recognition of Employee Retention Credits in 2021. EPS was a net loss of \$0.04/share and net income of \$0.14/share in YTD 2022 and YTD 2021, respectively.

#### *Profit/Loss from Operations*

- Loss from operations for the three months ended September 30, 2022 was \$0.2 million compared to a loss of \$0.9 million for the same period in 2021, a decrease of \$0.7 million. Increased Products and Services revenue and gross profit caused the decrease in loss from operations.
- Loss from operations for YTD 2022 was \$1.0 million compared to a loss of \$1.4 million for the same period in 2021, a decrease of \$0.4 million. Increased Product revenue and gross profit caused the decrease in loss from operations.

#### *Revenues*

- Revenues for the quarter ended September 30, 2022 were \$6.6 million compared to \$5.0 million for the same period in 2021, a 31.9% increase.
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- Product revenue was \$3.2 million in Q3 2022 compared to \$1.9 million in the same period in 2021, an increase of 71.4%, primarily due to increased chiller and cogeneration sales into our key market segments including multi-unit residential.
  - Services revenue was \$3.1 million in Q3 2022 compared to \$2.8 million in the same period in 2021, an increase of 8.8%, primarily due to increased service contract revenue.
  - Energy Production revenue increased 5.5%, to \$333 thousand in Q2 2022 compared to \$315 thousand in the same period in 2021.
- Revenues for YTD 2022 were \$20.5 million compared to \$17.2 million for the same period in 2021, a 18.9% increase.
    - Product revenue was \$10.2 million YTD 2022 compared to \$6.4 million in the same period in 2021, an increase of 57.7%, primarily due to increased cogeneration and chiller sales into our key market segments including controlled environment agriculture.
    - Services revenue was \$9.0 million YTD 2022 compared to \$9.4 million in the same period in 2021, a decline of 4.2%, primarily due to reduced lower margin installation activity. Services contract revenue increased 4.8% to \$9.0 million YTD 2022 compared to \$8.6 million in the same period of 2021.
    - Energy Production revenue decreased 5.3%, to \$1.27 million in YTD 2022 compared to \$1.34 million in the same period in 2021 due to site closures.

#### *Gross Profit and Gross Margin*

- Gross profit for Q3 2022 was \$2.9 million compared to \$2.3 million in the third quarter of 2021. Gross margin decreased to 43.7% in the third quarter of 2022 compared to 46.7% for the same period in 2021 due to higher material costs. Products margin decreased from 44.6% to 35.3%. Services margin increased from 48.1% to 51.8% and Energy Production margin increased from 45.9% to 49.5% quarter to quarter.
- Gross profit for YTD 2022 was \$8.7 million compared to \$8.1 million in the same period in 2021. Gross margin decreased to 42.4% YTD 2022 compared to 47.3% for the same period in 2021 due to higher material costs. Product margin decreased from 44.1% to 33.7%. Services margin increased from 50.4% to 52.2% and Energy Production margin increased from 40.5% to 42.7% year over year.

#### *Operating Expenses*

- Operating expenses decreased by 4.4% to \$3.1 million for the third quarter of 2022 compared to \$3.3 million in the same period in 2021 due to lower bad debt expense, partially offset by increased R&D costs.
- Operating expenses increased by 1.5% to \$9.6 million YTD 2022 compared to \$9.5 million in the same period in 2021 due to increase payroll and R&D costs, partially offset by lower bad debt expense in 2022.

Adjusted EBITDA<sup>(1)</sup> was negative \$72 thousand for the third quarter of 2022 compared to a negative \$197 thousand for the third quarter of 2021. Adjusted EBITDA<sup>(1)</sup> was negative \$521 thousand YTD 2022 compared to \$391 thousand YTD 2021. (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

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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).

"I'm encouraged by the year on year revenue growth. As electricity rates continue to rise, the need for customers to find alternative ways to reduce energy expenses is making our products increasingly attractive. The 40% investment tax credit (a 30% base and 10% bonus for domestic manufacturers) makes the climate favorable for energy efficient products such as ours. In particular the availability of the ITC direct pay option for non-profits makes the value proposition for our cogeneration and chillers incredibly compelling," commented Benjamin Locke, Tecogen's Chief Executive Officer.

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

Tecogen will host a conference call on November 10, 2022 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 2022 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 chillers and water heaters for residential, commercial, recreational and industrial use that provide 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 3,150 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, Ultera, and NetZero Greens 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, 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, 2022   | December 31, 2021    |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 2,880,160         | \$ 3,614,463         |
| Accounts receivable, net  | 8,598,302            | 8,482,286            |
| Employee retention credit receivable  | 713,269              | 1,276,021            |
| Inventories, net  | 8,712,021            | 7,764,989            |
| Unbilled revenue  | 1,956,002            | 3,258,189            |
| Prepaid and other current assets  | 507,996              | 578,801              |
| Total current assets  | 23,367,750           | 24,974,749           |
| Long-term assets:   |                      |                      |
| Property, plant and equipment, net  | 1,661,694            | 1,782,944            |
| Right of use assets   | 1,404,034            | 1,869,210            |
| Intangible assets, net  | 1,047,296            | 1,181,023            |
| Goodwill  | 2,406,156            | 2,406,156            |
| Other assets  | 184,393              | 148,140              |
| <b>TOTAL ASSETS</b>   | <b>\$ 30,071,323</b> | <b>\$ 32,362,222</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable  | \$ 3,325,452         | \$ 3,508,354         |
| Accrued expenses  | 2,263,009            | 2,343,728            |
| Deferred revenue  | 1,282,971            | 1,957,752            |
| Lease obligations, current  | 676,974              | 641,002              |
| Unfavorable contract liability, current   | 265,854              | 330,032              |
| Total current liabilities   | 7,814,260            | 8,780,868            |
| Long-term liabilities:  |                      |                      |
| Deferred revenue, net of current portion  | 395,561              | 208,456              |
| Lease obligations, net of current portion   | 796,696              | 1,315,275            |
| Unfavorable contract liability, net of current portion  | 706,667              | 929,474              |
| Total liabilities   | 9,713,184            | 11,234,073           |
| Stockholders' equity:   |                      |                      |
| Tecogen Inc. shareholders' equity:  |                      |                      |
| Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,850,261 issued and outstanding at September 30, 2022 and December 31, 2021 | 24,850               | 24,850               |
| Additional paid-in capital  | 57,271,577           | 57,016,859           |
| Accumulated deficit   | (36,857,142)         | (35,833,621)         |
| Total Tecogen Inc. stockholders' equity   | 20,439,285           | 21,208,088           |
| Non-controlling interest  | (81,146)             | (79,939)             |
| Total stockholders' equity  | 20,358,139           | 21,128,149           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$ 30,071,323</b> | <b>\$ 32,362,222</b> |

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

|  | <b>Three Months Ended</b> |                           |
|--|---------------------------|---------------------------|
|  | <b>September 30, 2022</b> | <b>September 30, 2021</b> |
| <b>Revenues</b>  |                           |                           |
| Products   | \$ 3,206,732              | \$ 1,871,332              |
| Services   | 3,078,604                 | 2,829,244                 |
| Energy production  | 332,774                   | 315,292                   |
| <b>Total revenues</b>  | <b>6,618,110</b>          | <b>5,015,868</b>          |
| <b>Cost of sales</b>   |                           |                           |
| Products   | 2,074,243                 | 1,036,396                 |
| Services   | 1,482,355                 | 1,467,019                 |
| Energy production  | 168,178                   | 170,518                   |
| <b>Total cost of sales</b>                                   | <b>3,724,776</b>          | <b>2,673,933</b>          |
| <b>Gross profit</b>  | <b>2,893,334</b>          | <b>2,341,935</b>          |
| <b>Operating expenses</b>                                    |                           |                           |
| General and administrative                                   | 2,343,449                 | 2,473,190                 |
| Selling  | 567,529                   | 656,885                   |
| Research and Development                                     | 202,138                   | 122,031                   |
| Gain on disposition of assets                                | (5,486)                   | —                         |
| <b>Total operating expenses</b>                              | <b>3,107,630</b>          | <b>3,252,106</b>          |
| <b>Loss from operations</b>                                  | <b>(214,296)</b>          | <b>(910,171)</b>          |
| <b>Other income (expense)</b>                                |                           |                           |
| Other income (expense), net                                  | (7,140)                   | (4,798)                   |
| Interest expense   | (2,280)                   | (3,855)                   |
| Employee retention credit                                    | —                         | 562,253                   |
| Unrealized loss on investment securities                     | —                         | (37,497)                  |
| <b>Total other income (expense), net</b>                     | <b>(9,420)</b>            | <b>2,401,758</b>          |
| <b>Income (loss) before provision for state income taxes</b> | <b>(223,716)</b>          | <b>1,491,587</b>          |
| <b>Provision for state income taxes</b>                      | <b>5,922</b>              | <b>3,000</b>              |
| <b>Consolidated net income (loss)</b>                        | <b>(229,638)</b>          | <b>1,488,587</b>          |
| <b>Income attributable to the non-controlling interest</b>   | <b>(27,074)</b>           | <b>(21,890)</b>           |
| <b>Net income (loss) attributable to Tecogen Inc.</b>        | <b>\$ (256,712)</b>       | <b>\$ 1,466,697</b>       |
| <b>Net income per share - basic</b>                          | <b>\$ (0.01)</b>          | <b>\$ 0.06</b>            |
| <b>Net income per share - diluted</b>                        | <b>\$ (0.01)</b>          | <b>\$ 0.06</b>            |
| <b>Weighted average shares outstanding - basic</b>           | <b>24,850,261</b>         | <b>24,850,261</b>         |
| <b>Weighted average shares outstanding - diluted</b>         | <b>24,850,261</b>         | <b>25,154,905</b>         |



|  | Three Months Ended |                     |
|--|--------------------|---------------------|
|  | September 30, 2022 | September 30, 2021  |
| <b>Non-GAAP financial disclosure (1)</b>       |                    |                     |
| Net income (loss) attributable to Tecogen Inc. | \$ (256,712)       | \$ 1,466,697        |
| Interest expense, net                          | 2,280              | 8,653               |
| Income taxes                                   | 5,922              | 3,000               |
| Depreciation & amortization, net               | 107,250            | 116,166             |
| EBITDA   | (141,260)          | 1,594,516           |
| Stock based compensation                       | 69,118             | 56,889              |
| Unrealized loss on investment securities       | —                  | 37,497              |
| Adjusted EBITDA                                | <u>\$ (72,142)</u> | <u>\$ (196,753)</u> |

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

|   | Nine Months Ended     |                     |
|---|-----------------------|---------------------|
|   | September 30, 2022    | September 30, 2021  |
| Revenues  |                       |                     |
| Products  | \$ 10,156,328         | \$ 6,439,981        |
| Services  | 9,046,075             | 9,438,702           |
| Energy production                                     | 1,268,623             | 1,339,448           |
| Total revenues  | <u>20,471,026</u>     | <u>17,218,131</u>   |
| Cost of sales   |                       |                     |
| Products  | 6,734,465             | 3,601,408           |
| Services  | 4,322,693             | 4,684,008           |
| Energy production                                     | 726,297               | 796,933             |
| Total cost of sales                                   | <u>11,783,455</u>     | <u>9,082,349</u>    |
| Gross profit  | <u>8,687,571</u>      | <u>8,135,782</u>    |
| Operating expenses                                    |                       |                     |
| General and administrative                            | 7,642,183             | 7,365,495           |
| Selling   | 1,572,221             | 1,747,959           |
| Research and development                              | 537,126               | 381,064             |
| Gain on disposition of assets                         | (41,931)              | —                   |
| Gain on termination of unfavorable contract liability | (71,375)              | —                   |
| Total operating expenses                              | <u>9,638,224</u>      | <u>9,494,518</u>    |
| Loss from operations                                  | <u>(950,653)</u>      | <u>(1,358,736)</u>  |
| Other income (expense)                                |                       |                     |
| Interest and other income (expense), net              | (22,556)              | (7,127)             |
| Interest expense                                      | (15,841)              | (13,583)            |
| Gain on extinguishment of debt                        | —                     | 3,773,014           |
| Employee retention credit                             | —                     | 1,276,021           |
| Gain on sale of investment securities                 | —                     | 6,046               |
| Unrealized gain on investment securities              | 37,497                | 18,749              |
| Total other income (expense), net                     | <u>(900)</u>          | <u>5,053,120</u>    |
| Income (loss) before provision for state income taxes | <u>(951,553)</u>      | <u>3,694,384</u>    |
| Provision for state income taxes                      | <u>16,352</u>         | <u>18,991</u>       |
| Consolidated net income (loss)                        | <u>(967,905)</u>      | <u>3,675,393</u>    |
| Income attributable to non-controlling interest       | <u>(55,616)</u>       | <u>(42,358)</u>     |
| Net income (loss) attributable to Tecogen Inc.        | <u>\$ (1,023,521)</u> | <u>\$ 3,633,035</u> |
| Net income (loss) per share - basic                   | <u>\$ (0.04)</u>      | <u>\$ 0.15</u>      |
| Net income (loss) per share - diluted                 | <u>\$ (0.04)</u>      | <u>\$ 0.14</u>      |
| Weighted average shares outstanding - basic           | <u>24,850,261</u>     | <u>24,850,261</u>   |
| Weighted average shares outstanding - diluted         | <u>24,850,261</u>     | <u>25,131,165</u>   |

|   | Nine Months Ended  |                    |
|---|--------------------|--------------------|
|   | September 30, 2022 | September 30, 2021 |
| <b>Non-GAAP financial disclosure (1)</b>              |                    |                    |
| Net income (loss) attributable to Tecogen Inc.        | \$ (1,023,521)     | \$ 3,633,035       |
| Interest expense, net                                 | 15,841             | 20,710             |
| Income taxes  | 16,352             | 18,991             |
| Depreciation & amortization, net                      | 324,968            | 357,636            |
| EBITDA  | (666,360)          | 4,030,372          |
| Gain on extinguishment of debt                        | —                  | (3,773,014)        |
| Stock based compensation                              | 254,718            | 150,655            |
| Unrealized gain on marketable securities              | (37,497)           | (18,749)           |
| Gain on sale of marketable securities                 | —                  | (6,046)            |
| Gain on termination of unfavorable contract liability | (71,375)           | —                  |
| Non-cash abandonment of intangible assets             | —                  | 7,400              |
| Adjusted EBITDA                                       | \$ (520,514)       | \$ 390,618         |

<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.*

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

|   | Nine Months Ended  |                    |
|---|--------------------|--------------------|
|   | September 30, 2022 | September 30, 2021 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                    |                    |
| Consolidated net income (loss)  | \$ (967,905)       | \$ 3,675,393       |
| <i>Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:</i> |                    |                    |
| Depreciation and amortization   | 324,968            | 357,636            |
| Provision for doubtful accounts   | (183,955)          | 52,000             |
| Gain on extinguishment of debt  | —                  | (3,773,014)        |
| Employee retention credit   | —                  | (1,276,021)        |
| Stock-based compensation  | 254,718            | 150,655            |
| Gain on sale of investment securities   | —                  | (6,046)            |
| Unrealized gain on investment securities  | (37,497)           | (18,749)           |
| Gain on disposition of assets   | (41,931)           | (9,787)            |
| Gain on termination of unfavorable contract liability   | (71,375)           | —                  |
| Impairment of intangible asset  | —                  | 7,400              |
| <i>Changes in operating assets and liabilities</i>  |                    |                    |
| <i>(Increase) decrease in:</i>  |                    |                    |
| Accounts receivable   | 67,940             | 890,374            |
| Employee retention credit receivable  | 562,752            | —                  |
| Inventory   | (947,031)          | (753,447)          |
| Prepaid assets and other current assets   | 70,806             | 24,361             |
| Other assets  | 466,420            | (387,847)          |
| <i>Increase (decrease) in:</i>  |                    |                    |
| Accounts payable  | (182,903)          | (636,156)          |
| Accrued expenses and other current liabilities  | (80,720)           | 378,970            |
| Deferred revenue  | (487,676)          | 691,867            |
| Other liabilities   | (482,608)          | 379,440            |
| Net cash used in operating activities   | (433,810)          | 171,996            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                    |                    |
| Purchases of property and equipment   | (286,820)          | (84,160)           |
| Proceeds from disposition of assets   | 72,655             | 9,787              |
| Proceeds from the sale of investment securities   | —                  | 11,637             |
| Purchases of intangible assets  | (29,505)           | (56,349)           |
| Distributions to non-controlling interest   | (56,823)           | (66,168)           |
| Net cash used in investing activities   | (300,493)          | (185,253)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                    |                    |
| Proceeds from note payable  | —                  | 1,874,269          |
| Net cash provided by financing activities   | —                  | 1,874,269          |
| Change in cash and cash equivalents   | (734,303)          | 1,861,012          |
| Cash and cash equivalents, beginning of the period  | 3,614,463          | 1,490,219          |
| Cash and cash equivalents, end of the period  | \$ 2,880,160       | \$ 3,351,231       |



OTCQX: TGEN

Q3 2022 EARNINGS CALL

NOVEMBER 10, 2022


# MANAGEMENT



- 🌱 Benjamin Locke - CEO
- 🌱 Abinand Rangesh – CFO & Treasurer
- 🌱 Robert Panora – COO & President
- 🌱 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 2022 Results
- 🌱 Earnings Takeaways
- 🌱 Company Update
- 🌱 Q&A





3,000+  
Units Shipped

Providing resiliency and energy savings with a cleaner environmental footprint



# POWER GENERATION + RESILIENCY

Modular microgrids for energy savings, greenhouse gas (GHG) reductions and resiliency to grid outages



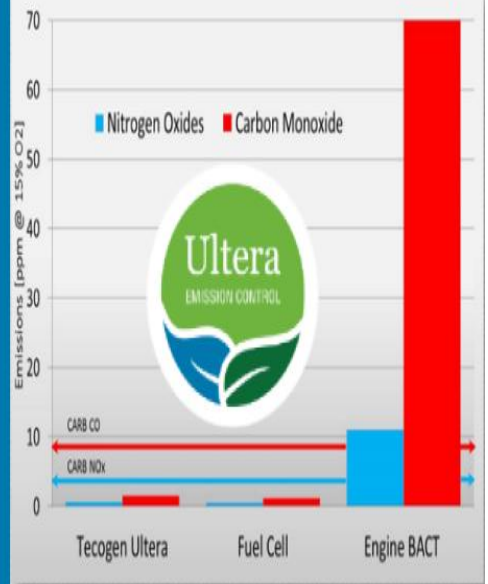
# LOW CARBON INDOOR AGRICULTURE

Boosting plant growth with CO<sub>2</sub> exhaust recycling and our Ultra® Emissions system



# CLEAN COOLING

Chillers with lower operating cost and lower greenhouse gas footprint compared to competing chillers



# 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.

## ENERGY SALES

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

# 3Q 2022 RESULTS



## Highlights

- Net loss of \$-0.01/share Q3 2022
- Net loss \$257k
- Cash and equivalents balance of \$2.9 million

## Revenue = \$6.6 million

- Compared to \$5 million in 3Q '21, 32% increase
- All segments up

## Gross Margin of 44% due to higher cost of material

## Op Ex = \$3.11 million

## Operating Loss \$214k

## Net Loss of \$257k

| <i>\$ in thousands</i>          | 3Q' 22          | 3Q' 21          | Change            | %              |
|---------------------------------|-----------------|-----------------|-------------------|----------------|
| <b>Revenue</b>                  |                 |                 |                   |                |
| Products                        | \$ 3,207        | \$ 1,871        | \$ 1,335          |                |
| Service                         | 3,079           | 2,830           | 248               |                |
| Energy Production               | 333             | 315             | 17                |                |
| <b>Total Revenue</b>            | <b>6,618</b>    | <b>5,016</b>    | <b>1,602</b>      | <b>31.9%</b>   |
| <b>Gross Profit</b>             |                 |                 |                   |                |
| Products                        | 1,132           | 835             | 298               |                |
| Service                         | 1,596           | 1,362           | 234               |                |
| Energy Production               | 165             | 145             | 20                |                |
| <b>Total Gross Profit</b>       | <b>2,893</b>    | <b>2,342</b>    | <b>551</b>        | <b>23.5%</b>   |
| <b>Gross Margin: %</b>          |                 |                 |                   |                |
| Products                        | 35%             | 45%             | -9%               |                |
| Service                         | 52%             | 48%             | 4%                |                |
| Energy Production               | 49%             | 46%             | 3%                |                |
| <b>Total Gross Margin</b>       | <b>44%</b>      | <b>47%</b>      | <b>-3%</b>        |                |
| <b>Operating Expenses</b>       |                 |                 |                   |                |
| General & administrative        | 2,343           | 2,473           | (130)             |                |
| Selling                         | 568             | 657             | (89)              |                |
| Research and development        | 202             | 122             | 80                |                |
| <b>Total operating expenses</b> | <b>3,108</b>    | <b>3,252</b>    | <b>(139)</b>      | <b>-4.3%</b>   |
| <b>Operating profit (loss)</b>  | <b>(214)</b>    | <b>(910)</b>    | <b>696</b>        | <b>76.5%</b>   |
| <b>Net Income (loss)</b>        | <b>\$ (257)</b> | <b>\$ 1,467</b> | <b>\$ (1,723)</b> | <b>-117.5%</b> |

# 3Q 2022 ADJUSTED EBITDA RECONCILIATION



EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA and adjusted EBITDA were a loss of \$141k and \$72k, respectively

EBITDA Non-cash adjustments

- Gain on extinguishment of debt
- Stock based compensation
- Unrealized loss on marketable securities

| Non-GAAP financial disclosure (in thousands)   | Quarter Ended, Sept 30 |                 |
|--|------------------------|-----------------|
|  | 2022                   | 2021            |
| Net income (loss) attributable to Tecogen Inc. | \$ (257)               | \$ 1,467        |
| Interest expense, net                          | 2                      | 9               |
| Income tax expense                             | 6                      | 3               |
| Depreciation & amortization, net               | 107                    | 116             |
| <b>EBITDA</b>                                  | <b>(141)</b>           | <b>1,595</b>    |
| Gain on extinguishment of debt                 | -                      | (1,886)         |
| Stock based compensation                       | 69                     | 57              |
| Unrealized loss on marketable securities       | -                      | 37              |
| <b>Adjusted EBITDA*</b>                        | <b>\$ (72)</b>         | <b>\$ (197)</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



# 3Q 22 PERFORMANCE BY SEGMENT



## Product Revenue increased 71% QoQ

- 329% gain in chiller revenues

## Service Revenue increased 9% QoQ

- Installation services down 100% QoQ
- Service contracts (O&M) up 11% QoQ
- Services Gross Margin at 52%

## Energy Production Revenue increased 6% QoQ

## Gross Margin 44%

| (\$ thousands)                | 3Q' 2022     | 3Q' 2021     | Change %   |
|-------------------------------|--------------|--------------|------------|
| <b>Revenues</b>               |              |              |            |
| Cogeneration                  | \$ 1,548     | \$ 1,446     | 7%         |
| Chiller                       | 1,642        | 383          | 329%       |
| Engineered accessories        | 16           | 42           | -61%       |
| <b>Total Product Revenues</b> | <b>3,207</b> | <b>1,871</b> | <b>71%</b> |
| Service Contracts             | 3,079        | 2,767        | 11%        |
| Installation Services         | -            | 63           | -100%      |
| <b>Total Service Revenues</b> | <b>3,079</b> | <b>2,830</b> | <b>9%</b>  |
| Energy Production             | 333          | 315          | 6%         |
| <b>Total Revenues</b>         | <b>6,618</b> | <b>5,016</b> | <b>32%</b> |
| <b>Cost of Sales</b>          |              |              |            |
| Products                      | 2,074        | 1,036        | 100%       |
| Services                      | 1,482        | 1,467        | 1%         |
| Energy Production             | 168          | 171          | -2%        |
| <b>Total Cost of Sales</b>    | <b>3,725</b> | <b>2,674</b> | <b>39%</b> |
| <b>Gross Profit</b>           | <b>2,893</b> | <b>2,342</b> | <b>24%</b> |
| Net income (loss)             | \$ (257)     | \$ 1,467     |            |
| <b>Gross Margin</b>           |              |              |            |
| Products                      | 35%          | 45%          |            |
| Services                      | 52%          | 48%          |            |
| Energy Production             | 50%          | 47%          |            |
| Overall                       | 44%          | 46%          |            |

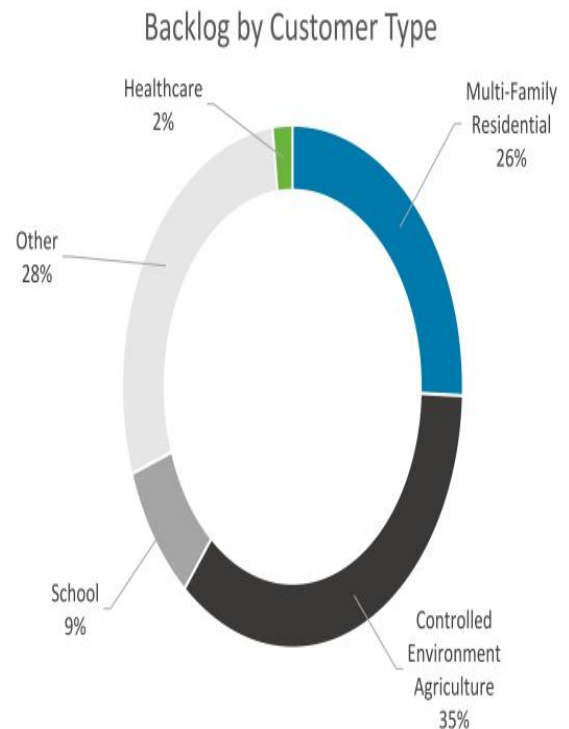
| Gross Margin | 2022 | 2021 | Target |
|--------------|------|------|--------|
| Overall      | 44%  | 46%  | >40%   |

# 3Q' 22 EARNINGS TAKEAWAYS



## Q3 Revenues up 32% over Q3 2021

- 3Q Product Revenue \$3.2 mm – 71% increase vs. 3Q-21
- Price increases ongoing to address higher manufacturing costs
- Continued progress in controlled environment agriculture, Multi-family residential, schools/municipalities
- New sales partner relationships established in 2022 have resulted in orders in Q3 and Q4
- New Investment Tax Credit (ITC) upwards of 40% will help create new sales
- Collaboration with GTI for testing of new Hybrid Drive chiller
- 3Q ending backlog of \$6.9 million. Current backlog at \$9.35 million



# ENABLING LOW CARBON AGRICULTURE



- Electricity & Cooling
- Hot water for cleaning, heating, and humidity control
- CO<sub>2</sub> to boost plant growth

Using smart computer algorithms, our **Cogeneration + Hybrid drive chiller** will blend utility or solar power with engine power to choose the greenest and lowest cost source of energy.

**Offers significant operating savings, precision climate control, resiliency, and GHG reductions.**

## CEA Benefits:

- ✓ 90% less land and water usage
- ✓ Avoids the use of fertilizers made from fossil fuels
- ✓ 100% Organic with no harmful pesticides





# COMPARED TO THE ALTERNATIVES

|  | Indoor Agriculture with Grow lights |  NetZero Greens | Outdoor Agriculture |
|--|-------------------------------------|---|---------------------|
| <b>Energy Intensity</b>                        | High                                | Net Zero Target   | Low                 |
| Embedded CO <sub>2</sub> due to Transportation | Low                                 | Low   | High                |
| <b>Off-Grid Operation</b>                      | No                                  | Yes   | No                  |
| Crop Cycles Per year                           | >15                                 | >15   | 1 to 2              |
| Water Usage                                    | Low                                 | Low   | High                |

### Real Time Optimization



Optimize for GHG Savings

|                              |             |
|------------------------------|-------------|
| Current engine power         | 82 KW       |
| Current heat generated       | 164 KW      |
| CO2 reuse                    | 6.56 lbs/hr |
| Current solar output         | 9 KW        |
| Grid Power into Hybrid Drive | 34 KW       |



- ✓ **Phase 1** – Prototype energy solution and due diligence for pilot grow facility
- ✓ **Phase 2** – Partnership with growers and financiers
- ✓ **Phase 3** – Replicate and scale for commercial operations

# PATHWAY TO GROWTH



New Business Unit Established Focused on Controlled Environment Agriculture (CEA) markets

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

Tecochill Hybrid Drive Air-Cooled Chiller to be launched at AHR in Feb 2023. 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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