

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

FORM 8-K

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

Date of report: May 10, 2023



**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 May 10, 2023, the registrant issued a press release with earnings commentary and supplemental information for the three months ended March 31, 2023. 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 May 11, 2023, 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 May 10, 2023 for the three months ended March 31, 2023.</a>
99.02	<a href="#">Tecogen Earnings Call Presentation dated May 11, 2023.</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/ Abinand Rangesh

Abinand Rangesh, Chief Executive Officer

duly authorized.

May 10, 2023



## Tecogen Announces First Quarter 2023 Results

*Revenues of \$5.4 million*

WALTHAM, Mass., May 10, 2023 - Tecogen Inc. (OTCQX:TGEN), a leading manufacturer of clean energy products, reported revenues of \$5.4 million and net loss of \$1.5 million for the quarter ended March 31, 2023 compared to revenues of \$7.4 million, and a net profit of \$0.1 million in 2022. We used \$0.3 million in cash from operations during the quarter and ended the quarter with a cash balance of \$1.6 million.

*"Although we saw revenue decline towards the end of 2022, in Q1 2023 we saw revenue increase 35% compared to Q4 2022. Our sales pipeline for products is expanding so we are optimistic of continued and sustained improvements to the top line. In the past month, we have added significantly to recurring service revenues as a result of the Aegis service transaction and are starting to see tremendous customer interest for the air-cooled chiller. During the conference call, I will discuss in more detail our progress against our objectives." commented Abinand Rangesh, Tecogen's Chief Executive Officer.*

### Key Takeaways

#### *Net Income (Loss) and Earnings Per Share*

- Net loss in Q1 2023 was \$1.5 million compared to net income of \$0.1 million in Q1 2022, a decrease of \$1.6 million, primarily due to lower Products and Services margin and increased operating expense. EPS was \$(0.06)/share and \$0.00/share in Q1 2023 and Q1 2022, respectively.

#### *Income from Operations*

- Loss from operations for the three months ended March 31, 2023 was \$1.4 million compared to income from operations of \$81 thousand for the same period in 2022, a decrease of \$1.5 million. The loss from operations in Q1 2023 was due to decreased revenues and margin combined with increased operating expenses.

#### *Revenues*

- Revenues for the quarter ended March 31, 2023 were \$5.4 million compared to \$7.4 million for the same period in 2021, a 27.7% decrease.
    - Product revenue was \$1.7 million in Q1 2023 compared to \$3.9 million in the same period in 2022, a decrease of 56.6%, primarily due to decreased sales of cogeneration and chiller units.
    - Services revenue was \$3.1 million in Q1 2023 compared to \$2.9 million in the same period in 2022, an increase of 7.5%.
    - Energy Production revenue was \$534 thousand in Q1 2023 compared to \$582 thousand in the same period in 2022, a decrease of 8.3% due to seasonality.
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### *Gross Profit*

- Gross profit for the first quarter of 2023 was \$2.1 million compared to \$3.1 million in the first quarter of 2022. Gross margin reduced to 38.9% in the first quarter compared to 41.6% for the same period in 2022. The decline in gross profit margin was driven by the product mix and service margins. In particular, as supply chain constraints for engines eased, we performed a significant number of engine replacements in the quarter so Service margin was lower than usual.

### *Operating Expenses*

- Operating expenses increased by 17.7% to \$3.5 million for the first quarter of 2023 compared to \$3.0 million in the same period in 2022. There were significant marketing costs associated with the launch of the air-cooled chiller in Q1 2023 and the operating costs in Q1 2022 were favorably impacted by the gains on the disposal of assets and corresponding reversal of the unfavorable contract liability associated with the asset.

Adjusted EBITDA<sup>(1)</sup> was negative \$1.3 million for the first quarter of 2023 compared to \$154 thousand for the first quarter of 2022. (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 investment 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).

### **Conference Call Scheduled for May 10, 2023, at 9:30 am ET**

Tecogen will host a conference call on May 10, 2023 to discuss the first quarter results beginning at 9:30 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 First Quarter 2023 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**.

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## 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 3,150 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.

## 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.

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**Tecogen Media & Investor Relations Contact Information:**

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,629,103	\$ 1,913,969
Accounts receivable, net	6,758,360	6,714,122
Employee retention credit	46,148	713,269
Unbilled revenue	1,788,902	1,805,330
Inventories, net	11,862,782	10,482,729
Prepaid and other current assets	265,019	401,189
<b>Total current assets</b>	<b>22,350,314</b>	<b>22,030,608</b>
Long-term assets:		
Property, plant and equipment, net	1,290,228	1,407,720
Right of use assets	1,084,033	1,245,549
Intangible assets, net	947,885	997,594
Goodwill	2,406,156	2,406,156
Other assets	164,815	165,230
<b>TOTAL ASSETS</b>	<b>\$ 28,243,431</b>	<b>\$ 28,252,857</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	4,167,461	3,261,952
Accrued expenses	2,240,523	2,384,447
Deferred revenue, current	2,108,082	1,115,627
Lease obligations, current	646,805	687,589
Unfavorable contract liability, current	223,230	236,705
<b>Total current liabilities</b>	<b>9,386,101</b>	<b>7,686,320</b>
Long-term liabilities:		
Deferred revenue, net of current portion	231,969	371,823
Lease obligations, net of current portion	496,526	623,452
Unfavorable contract liability, net of current portion	535,706	583,512
<b>Total liabilities</b>	<b>10,650,302</b>	<b>9,265,107</b>
Stockholders' equity:		
Tecogen Inc. shareholders' equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,850,261 issued and outstanding at March 31, 2023 and December 31, 2022	24,850	24,850
Additional paid-in capital	57,428,356	57,351,008
Accumulated deficit	(39,771,577)	(38,281,548)
<b>Total Tecogen Inc. stockholders' equity</b>	<b>17,681,629</b>	<b>19,094,310</b>
Non-controlling interest	(88,500)	(106,560)
<b>Total stockholders' equity</b>	<b>17,593,129</b>	<b>18,987,750</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 28,243,431</b>	<b>\$ 28,252,857</b>

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

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Revenues</b>		
Products	\$ 1,710,136	\$ 3,939,481
Services	3,136,173	2,917,280
Energy production	533,509	581,562
<b>Total revenues</b>	<b>5,379,818</b>	<b>7,438,323</b>
<b>Cost of sales</b>		
Products	1,212,568	2,644,756
Services	1,737,602	1,366,752
Energy production	337,739	336,027
<b>Total cost of sales</b>	<b>3,287,909</b>	<b>4,347,535</b>
<b>Gross profit</b>	<b>2,091,909</b>	<b>3,090,788</b>
<b>Operating expenses</b>		
General and administrative	2,792,483	2,473,903
Selling	520,070	501,091
Research and Development	229,102	140,135
Gain on disposition of assets	—	(33,945)
Gain on termination of unfavorable contract liability	—	(71,375)
<b>Total operating expenses</b>	<b>3,541,655</b>	<b>3,009,809</b>
<b>Income (loss) from operations</b>	<b>(1,449,746)</b>	<b>80,979</b>
<b>Other income (expense)</b>		
Other income (expense), net	830	(14,150)
Interest expense	(415)	(828)
Unrealized gain on investment securities	—	37,497
<b>Total other income (expense), net</b>	<b>415</b>	<b>22,519</b>
<b>Income (loss) before income taxes</b>	<b>(1,449,331)</b>	<b>103,498</b>
<b>Provision for state income taxes</b>	<b>22,638</b>	<b>3,930</b>
<b>Consolidated net income (loss)</b>	<b>(1,471,969)</b>	<b>99,568</b>
<b>Income attributable to the non-controlling interest</b>	<b>(18,060)</b>	<b>(10,159)</b>
<b>Net income (loss) attributable to Tecogen Inc.</b>	<b>\$ (1,490,029)</b>	<b>\$ 89,409</b>
<b>Net income (loss) per share - basic</b>	<b>\$ (0.06)</b>	<b>\$ —</b>
<b>Net income (loss) per share - diluted</b>	<b>\$ (0.06)</b>	<b>\$ —</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>25,028,616</b>

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Non-GAAP financial disclosure (1)</b>		
Net income (loss) attributable to Tecogen Inc.	\$ (1,490,029)	\$ 89,409
Interest expense, net	415	828
Income taxes	22,638	3,930
Depreciation & amortization, net	105,920	107,061
EBITDA	(1,361,056)	201,228
Gain on disposition of assets	—	(33,945)
Gain on termination of unfavorable contract liability	—	(71,375)
Stock based compensation	77,348	95,707
Unrealized gain on investment securities	—	(37,497)
Adjusted EBITDA	\$ (1,283,708)	\$ 154,118

<sup>(1)</sup> **Non-GAAP Financial Measures**

*In addition to reporting net income, a U.S. generally accepted accounting principle (“GAAP”) measure, this news release contains information about Adjusted EBITDA (net income (loss) attributable to Tecogen Inc adjusted for interest, income taxes, depreciation and amortization, stock-based compensation expense, unrealized gain or loss on investment securities, goodwill impairment charges and other non-cash non-recurring charges including abandonment of certain intangible assets and extinguishment of debt), which is a non-GAAP measure. The Company believes Adjusted EBITDA allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. Adjusted EBITDA is not calculated through the application of GAAP. Accordingly, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.*

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated net income (loss)	\$ (1,471,969)	\$ 99,568
<i>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization	105,920	107,061
Stock-based compensation	77,348	95,707
Gain on disposition of assets	—	(33,945)
Unrealized gain on investment securities	—	(37,497)
Gain on termination of unfavorable contract liability	—	(71,375)
<i>Changes in operating assets and liabilities</i>		
(Increase) decrease in:		
Accounts receivable	(44,238)	850,674
Employee retention credit	667,121	—
Unbilled revenue	16,428	351,259
Inventory	(1,380,052)	8,252
Prepaid assets and other current assets	136,170	2,014
Other assets	161,931	152,888
Increase (decrease) in:		
Accounts payable	905,509	894,418
Accrued expenses and other current liabilities	(143,923)	134,795
Deferred revenue	852,600	(504,229)
Other liabilities	(167,711)	(155,119)
Net cash provided by (used in) operating activities	(284,866)	1,894,471
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	—	(80,873)
Purchases of intangible assets	—	(16,220)
Proceeds from disposition of assets	—	64,669
Distributions to non-controlling interest	—	(15,640)
Net cash used in investing activities	—	(48,064)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable	—	—
Net cash provided by financing activities	—	—
Net increase in cash and cash equivalents	(284,866)	1,846,407
Cash and cash equivalents, beginning of the period	1,913,969	3,614,463
Cash and cash equivalents, end of the period	\$ 1,629,103	\$ 5,460,870
<b>Supplemental disclosures of cash flows information:</b>		
Cash paid for interest	\$ —	\$ 413
Cash paid for taxes	\$ 22,638	\$ 3,930



OTCQX: TGEN

EARNINGS CALL MAY 11, 2023

Q1 2023

# MANAGEMENT



- 🌱 Abinand Rangesh – CEO & CFO
- 🌱 Robert Panora – COO & President
- 🌱 Roger Deschenes – CAO
- 🌱 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



 Progress Update

 1Q 2023 Results

 Q&A



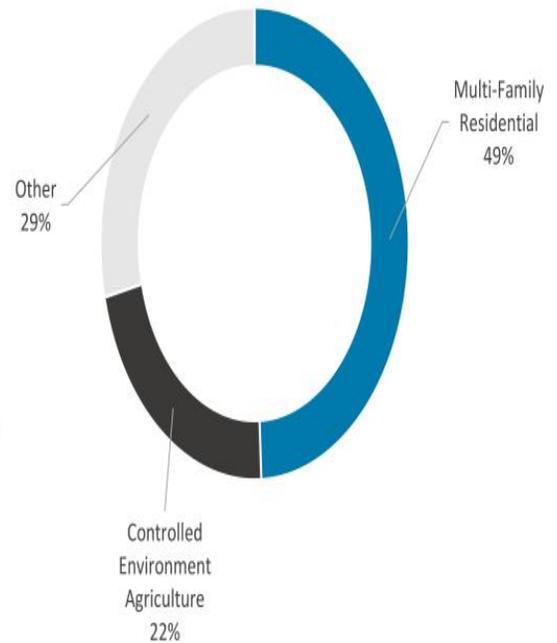


## PROGRESS UPDATE



- 🌱 Q1 23 Revenue was 28% lower than Q1 22 but 35% higher than Q4 2022
- 🌱 Expect every subsequent quarter in 2023 to have higher revenue than the previous quarter
- 🌱 Backlog at Q1 is \$7.1m
- 🌱 Not included in backlog are some large projects with a total of >20 engines. Optimistic about these projects shipping later in year.
- 🌱 Cash position stable at \$1.6m at quarter end and \$2.1m presently
- 🌱 Strong customer interest for hybrid chiller. Expect first PO by August
- 🌱 No Debt

Backlog by Customer Type



## POWER GENERATION + RESILIENCY

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



## LONG TERM MAINTENANCE & ENERGY ASSET MANAGEMENT

Helping customers achieve predictable energy savings with comprehensive maintenance services



## CLEAN COOLING

Hybrid and Engine Driven Chillers with lower operating cost and lower greenhouse gas footprint compared to competing solutions



# 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.

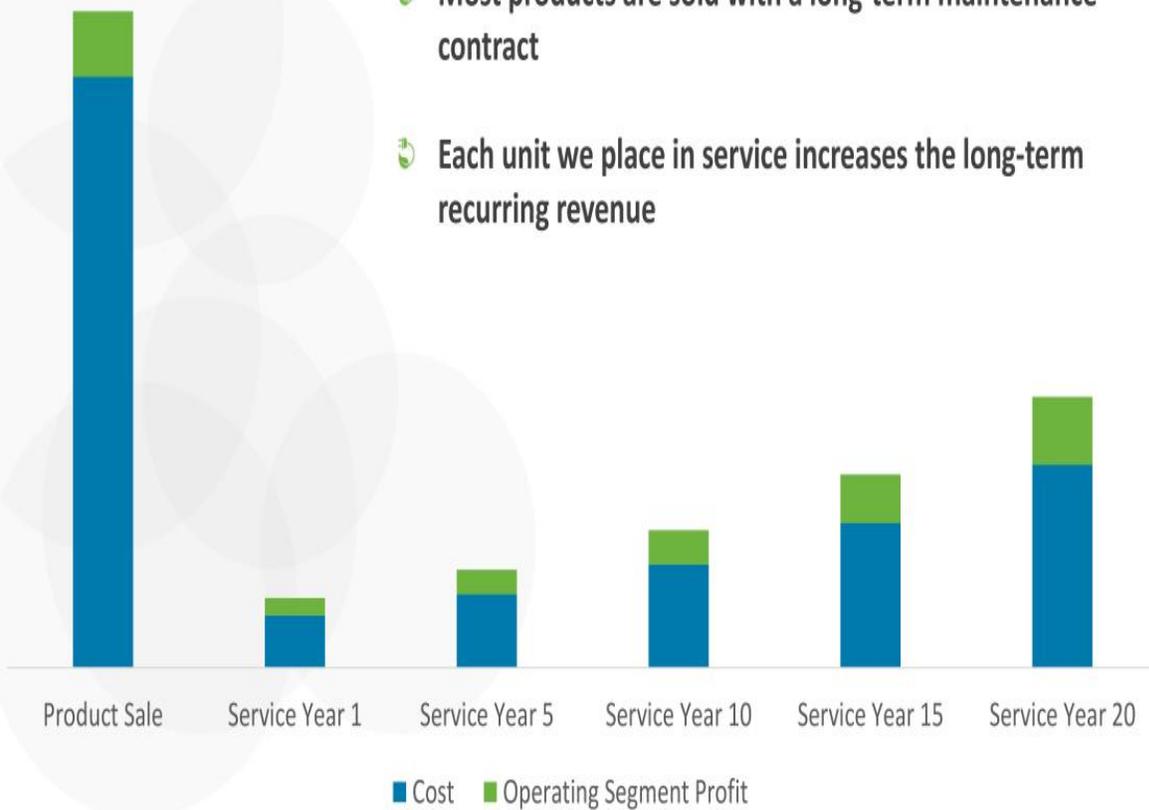
## ENERGY SALES

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

## BUSINESS MODEL



- Most products are sold with a long-term maintenance contract
- Each unit we place in service increases the long-term recurring revenue



# 1Q 2023 RESULTS



## Key Points

- Net loss of \$0.06/share Q1 2023
- Net Loss \$1.5m
- Cash and equivalents balance of \$1.6 million

Revenue = \$5.4 million, down 25% from Q1 22

Gross Profit = \$2.1 million, down 32% from Q1 22

Op Ex = \$3.5 million

<i>\$ in thousands</i>	1Q'23	1Q'22	QoQ Change	%
<b>Revenue</b>				
Products	\$ 1,710	\$ 3,939	\$ (2,229)	
Service	3,136	2,917	219	
Energy Production	534	582	(48)	
<b>Total Revenue</b>	<b>5,380</b>	<b>7,438</b>	<b>(2,059)</b>	<b>-27.7%</b>
<b>Gross Profit</b>				
Products	498	1,295	(797)	
Service	1,399	1,551	(152)	
Energy Production	196	246	(50)	
<b>Total Gross Profit</b>	<b>2,092</b>	<b>3,091</b>	<b>(999)</b>	<b>-32.3%</b>
<b>Gross Margin: %</b>				
Products	29%	33%	-4%	
Service	45%	53%	-9%	
Energy Production	37%	42%	-6%	
<b>Total Gross Margin</b>	<b>39%</b>	<b>42%</b>	<b>-3%</b>	
<b>Operating Expenses</b>				
General & administrative	2,792	2,474	319	
Selling	520	501	19	
Research and development	229	140	89	
Impairment and other expenses	-	(105)	105	
<b>Total operating expenses</b>	<b>3,542</b>	<b>3,010</b>	<b>532</b>	<b>17.7%</b>
<b>Operating profit (loss)</b>	<b>(1,450)</b>	<b>81</b>	<b>(1,531)</b>	
<b>Net Income (loss)</b>	<b>\$ (1,490)</b>	<b>\$ 89</b>	<b>\$ (1,579)</b>	

# 1Q 2023 ADJUSTED EBITDA RECONCILIATION



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

- EBITDA and adjusted EBITDA were both negative at \$1.36m and \$1.28m respectively

## EBITDA Non-cash adjustments

- Stock based compensation
- Unrealized and realized (gain) loss on investment securities
- Other non-recurring charges or gains

Non-GAAP financial disclosure (in thousands)	Quarter Ended, March 31	
	2023	2022
Net income (loss) attributable to Tecogen Inc.	\$ (1,490)	\$ 89
Interest expense, net	-	1
Income tax expense	23	4
Depreciation & amortization, net	106	107
<b>EBITDA</b>	<b>(1,361)</b>	<b>201</b>
Stock based compensation	77	96
Unrealized gain on marketable securities	-	(37)
Gain on disposition of assets	-	(34)
Gain on termination of unfavorable contract liability	-	(71)
<b>Adjusted EBITDA*</b>	<b>\$ (1,284)</b>	<b>\$ 154</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

# 1Q 2023 PERFORMANCE BY SEGMENT



## Products

- Chiller margin has recovered to >40%
- Cogeneration margin caused the overall reduction in product margin due to supply contract from 2022 with existing customer. Current pricing going forward.

## Services

- Service contracts revenue increased 8%
- Service margin lower in Q1 23 due to timing of engine replacements in Ontario.

## Energy Production

- Revenue decreased 8% QoQ

1Q Revenues (\$ thousands)	2023	2022	QoQ Change %
<b>Revenues</b>			
Cogeneration	\$ 544	\$ 2,174	-75%
Chiller	1,069	1,607	-33%
Engineered accessories	97	158	-39%
<b>Total Product Revenues</b>	<b>1,710</b>	<b>3,939</b>	<b>-57%</b>
Service Contracts	3,136	2,897	8%
Installation Services	-	20	-100%
<b>Total Service Revenues</b>	<b>3,136</b>	<b>2,917</b>	<b>8%</b>
Energy Production	534	582	-8%
<b>Total Revenues</b>	<b>5,380</b>	<b>7,438</b>	<b>-28%</b>
<b>Cost of Sales</b>			
Products	1,212	2,645	-54%
Services	1,738	1,367	27%
Energy Production	338	336	1%
<b>Total Cost of Sales</b>	<b>3,288</b>	<b>4,348</b>	<b>-24%</b>
<b>Gross Profit</b>	<b>2,092</b>	<b>3,091</b>	<b>-32%</b>
Net income (loss)	\$ (1,490)	\$ 89	
<b>Gross Margin</b>			
Products	29%	33%	
Services	45%	53%	
Energy Production	37%	42%	
Overall	39%	42%	

QTD Gross Margin	2022	2022	Target
Overall	39%	42%	>40%

# SUMMARY AND Q&A



## 2023 Goals

- ✓ Free up cash and stabilize business
- ✓ Grow Service division
- ✓ Make products easier to sell and install
- ✓ Improve sales distribution system via owner direct sales channel partners & developers
- ✓ Build up backlog for the Air-Cooled chiller

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