UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2025

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

Commission file number 001-36103

TECOGEN INC.
(Exact name of Registrant as Specified in its Charter)

Delaware	**04-3536131**
(State or Other Jurisdiction of Incorporation or Organization)	*(IRS Employer Identification No.)*

76 Treble Cove Road, Building 1
North Billerica, Massachusetts 01862
(Address of Principal Executive Offices and Zip Code)

(781) 466-6400
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.001 par value per share	TGEN	NYSE American LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer o
Non–accelerated filer ☒ Smaller reporting company ☒
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. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).Yes ☐ No ý

As of November 13, 2025, 29,846,479 shares of common stock, $0.001 par value per share, of the registrant were issued and outstanding.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q *("report")* contains forward-looking statements within the meaning of the federal securities laws that involve a number of risks and uncertainties. Forward-looking statements generally can be identified by the use of forward-looking terminology such as *"believe," "expect" "anticipate," "intend," "plan," "estimate," "project," "target," "potential," "will," "should," "seek," "could," "likely" "may," "pro-forma," "anticipate," "continue"* or other variations thereof (including their use in the negative), or by discussions of strategies, plans or intentions. All statements, other than statements of historical fact, included in this report regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management are forward-looking statements. Such forward-looking statements include, among other things, demand for our products and services, the availability of incentives, rebates, and tax benefits relating to our products, changes in the regulatory environment relating to our products, competing technological developments, and the availability of financing to fund our operations and growth.

Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements.

The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause us, our customers' or our industry's actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements to differ. See *"Item 1A. Risk Factors"* in our Annual Report on Form 10-K for the year ended December 31, 2024, *"Item 1A. Risk Factors"* and *"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"* in this report, as well as other sections in this report that discuss some of the factors that could contribute to these differences.

In addition, such forward-looking statements are necessarily dependent upon assumptions and estimates that may prove to be incorrect. Although we believe that the assumptions and estimates reflected in such forward-looking statements are reasonable, we cannot guarantee that our plans, intentions, or expectations will be achieved. The information contained in this report, including the section discussing risk factors, identifies important factors that could cause such differences.

The cautionary statements made in this report are intended to be applicable to all related forward-looking statements wherever they appear in this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. Except as required by law, we undertake no obligation to update or release any forward-looking statements as a result of new information, future events, or otherwise, and assume no obligation to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

Our logo, trademarks and service marks are the property of Tecogen. Other trademarks or service marks appearing in this report are the property of their respective holders. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this report may appear without the TM, SM, ® or © symbols, but such references are not intended to indicate in any way that we or any third-party will not assert, to the fullest extent under applicable law, their rights or the right of the applicable licensor to these trademarks, service marks, trade names and copyrights.

This report also contains or may contain market data related to our business and industry and any such market data may include projections that are based on certain assumptions. If these assumptions turn out to be incorrect, actual results may differ from the projections based on these assumptions. As a result, our markets may not grow at the rates projected by this data, or at all. The failure of these markets to grow at these projected rates may have a material adverse effect on our business, results of operations, financial condition, and the trading price of our common stock.

References in this report to "we," "our," "us," the "Company" and "Tecogen" refer to Tecogen Inc. and its consolidated subsidiaries, unless otherwise noted.

QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2025
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PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 15,253,975	$ 5,405,233
Accounts receivable, net	6,220,441	6,026,545
Unbilled revenue	126,738	398,898
Inventories, net	9,558,084	9,634,005
Prepaid and other current assets	918,835	680,565
Total current assets	32,078,073	22,145,246
Long-term assets:		
Property, plant and equipment, net	1,788,248	1,738,036
Right-of-use assets - operating leases	1,610,839	1,730,358
Right-of-use assets - finance leases	1,305,353	452,390
Intangible assets, net	2,236,151	2,513,189
Goodwill	2,346,566	2,346,566
Other assets	99,058	166,474
TOTAL ASSETS	$ 41,464,288	$ 31,092,259
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Related party notes, current portion	$ —	$ 1,548,872
Accounts payable	3,417,293	4,142,678
Accrued expenses	2,987,784	2,890,886
Deferred revenue, current portion	3,693,732	6,701,131
Operating lease liabilities, current portion	534,397	430,382
Finance lease liabilities, current portion	252,406	85,646
Acquisition liabilities, current portion	861,479	902,552
Unfavorable contract liability, current portion	73,368	113,449
Total current liabilities	11,820,459	16,815,596
Long-term liabilities:		
Deferred revenue, net of current portion	1,189,074	1,165,951
Operating lease liabilities, net of current portion	1,126,695	1,341,789
Finance lease liabilities, net of current portion	934,109	325,235
Acquisition liabilities, net of current portion	816,951	1,008,760
Unfavorable contract liability, net of current portion	259,619	309,390
Total liabilities	16,146,907	20,966,721
Commitments and contingencies		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 29,818,979 issued and outstanding at September 30, 2025 and 24,950,261 shares issued and outstanding at December 31, 2024	29,819	24,950
Additional paid-in capital	78,090,221	57,845,289
Unearned compensation	(762,292)	—
Accumulated deficit	(51,894,868)	(47,639,894)
Total Tecogen Inc. stockholders' equity	25,462,880	10,230,345
Non-controlling interest	(145,499)	(104,807)
Total stockholders' equity	25,317,381	10,125,538
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 41,464,288	$ 31,092,259

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	September 30, 2025	September 30, 2024
Revenues		
Products	$ 2,983,795	$ 1,391,016
Services	3,943,510	3,850,551
Energy production	255,816	388,563
Total revenues	7,183,121	5,630,130
Cost of sales		
Products	1,885,377	797,209
Services	2,946,438	2,139,042
Energy production	167,740	212,965
Total cost of sales	4,999,555	3,149,216
Gross profit	2,183,566	2,480,914
Operating expenses:		
General and administrative	3,411,762	2,681,558
Selling	572,869	442,812
Research and development	297,926	233,809
(Gain) loss on disposition of assets	1,713	(4,042)
Total operating expenses	4,284,270	3,354,137
Loss from operations	(2,100,704)	(873,223)
Other income (expense)		
Other income (expense), net	81,925	(18,453)
Interest expense	(41,113)	(23,003)
Unrealized gain (loss) on investment securities	(56,246)	18,749
Total other income (expense), net	(15,434)	(22,707)
Loss before provision for state income taxes	(2,116,138)	(895,930)
Provision for state income taxes	2,928	—
Consolidated net loss	(2,119,066)	(895,930)
(Income) loss attributable to the non-controlling interest	(11,881)	(34,478)
Loss attributable to Tecogen Inc.	$ (2,130,947)	$ (930,408)
Net loss per share - basic	$ (0.07)	$ (0.04)
Weighted average shares outstanding - basic	28,817,040	24,850,261
Net loss per share - diluted	$ (0.07)	$ (0.04)
Weighted average shares outstanding - diluted	28,817,040	24,850,261

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Nine Months Ended	
	September 30, 2025	**September 30, 2024**
Revenues		
Products	$ 8,672,927	$ 3,002,087
Services	12,153,700	11,991,378
Energy production	929,085	1,550,549
Total revenues	21,755,712	16,544,014
Cost of sales		
Products	5,605,282	2,018,734
Services	7,675,073	6,423,114
Energy production	608,258	966,440
Total cost of sales	13,888,613	9,408,288
Gross profit	7,867,099	7,135,726
Operating expenses:		
General and administrative	9,431,073	8,428,119
Selling	1,682,085	1,377,758
Research and development	859,318	734,994
(Gain) loss on disposition of assets	1,433	(8,070)
Total operating expenses	11,973,909	10,532,801
Loss from operations	(4,106,810)	(3,397,075)
Other income (expense)		
Other income (expense), net	61,302	(15,305)
Interest expense	(111,592)	(59,542)
Unrealized loss on investment securities	(74,995)	—
Total other income (expense), net	(125,285)	(74,847)
Loss before provision for state income taxes	(4,232,095)	(3,471,922)
Provision for state income taxes	20,615	22,100
Consolidated net loss	(4,252,710)	(3,494,022)
(Income) loss attributable to non-controlling interest	(2,264)	(80,149)
Net loss attributable to Tecogen Inc.	$ (4,254,974)	$ (3,574,171)
Net loss per share - basic	$ (0.16)	$ (0.14)
Weighted average shares outstanding - basic	26,354,875	24,850,261
Net loss per share - diluted	$ (0.16)	$ (0.14)
Weighted average shares outstanding - diluted	26,354,875	24,850,261

The accompanying notes are an integral part of these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three and Nine Months September 30, 2025 and 2024
(unaudited)

Three Months Ended September 30, 2025	**Common Stock Shares**	**Common Stock $0.001 Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Unearned Compensation**	**Non-controlling Interest**	**Total**
Balance at June 30, 2025	25,571,490	$ 25,571	$ 58,837,181	$ (49,763,921)	$ —	$ (157,380)	$ 8,941,451
Follow-on offering, net of transaction costs	3,985,000	3,985	18,101,115	—	—	—	18,105,100
Issuance of restricted stock awards	95,808	96	799,901	—	(799,997)	—	—
Exercise of stock options	166,681	167	263,310	—		—	263,477
Stock-based compensation expense	—	—	88,714	—	37,705	—	126,419
Net (loss) income	—	—	—	(2,130,947)	—	11,881	(2,119,066)
Balance at September 30, 2025	29,818,979	$ 29,819	$ 78,090,221	$ (51,894,868)	$ (762,292)	$ (145,499)	$ 25,317,381

Nine Months Ended September 30, 2025	**Common Stock Shares**	**Common Stock $0.001 Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Unearned Compensation**	**Non-controlling Interest**	**Total**
Balance at December 31, 2024	24,950,261	$ 24,950	$ 57,845,289	$ (47,639,894)	$ —	$ (104,807)	$ 10,125,538
Follow-on offering, net of transaction costs	3,985,000	3,985	18,101,115	—	—	—	18,105,100
Issuance of restricted stock awards	95,808	96	799,901	—	(799,997)	—	—
Exercise of stock options	547,654	548	657,855	—	—	—	658,403
Related party note conversion to common stock	240,256	240	513,908	—	—	—	514,148
Distributions to non-controlling interest	—	—	—	—	—	(42,956)	(42,956)
Stock-based compensation expense	—	—	172,153	—	37,705	—	209,858
Net (loss) income	—	—	—	(4,254,974)	—	2,264	(4,252,710)
Balance at September 30, 2025	29,818,979	$ 29,819	$ 78,090,221	$ (51,894,868)	$ (762,292)	$ (145,499)	$ 25,317,381

Three Months Ended September 30, 2024	**Common Stock Shares**	**Common Stock $0.001 Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Unearned Compensation**	**Non-controlling Interest**	**Total**
Balance at June 30, 2024	24,850,261	$ 24,850	$ 57,691,400	$ (45,523,419)	$ —	$ (97,284)	$ 12,095,547
Stock-based compensation expense	—	—	41,908	—	—	—	41,908
Distributions to non-controlling interest	—	—	—	—	—	(48,321)	(48,321)
Net (loss) income	—	—	—	(930,408)	—	34,478	(895,930)
Balance at September 30, 2024	24,850,261	$ 24,850	$ 57,733,308	$ (46,453,827)	$ —	$ (111,127)	$ 11,193,204

Nine Months Ended September 30, 2024	**Common Stock Shares**	**Common Stock $0.001 Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Unearned Compensation**	**Non-controlling Interest**	**Total**
Balance at December 31, 2023	24,850,261	$ 24,850	$ 57,601,402	$ (42,879,656)	$ —	$ (94,301)	$ 14,652,295
Stock-based compensation expense	—	—	131,906	—	—	—	131,906
Distributions to non-controlling interest	—	—	—	—	—	(96,975)	(96,975)
Net (loss) income	—	—	—	(3,574,171)	—	80,149	(3,494,022)
Balance at September 30, 2024	24,850,261	$ 24,850	$ 57,733,308	$ (46,453,827)	$ —	$ (111,127)	$ 11,193,204

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended	
	September 30, 2025	September 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	$ (4,252,710)	$ (3,494,022)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	621,530	419,744
Provision for (recovery of) credit losses	(50,883)	29,817
Stock-based compensation	209,858	131,906
Unrealized loss on investment securities	74,995	—
(Gain) loss on disposition of assets	1,433	(8,070)
Non-cash interest expense	43,476	25,966
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(143,013)	1,303,300
Inventory	75,921	658,194
Unbilled revenue	272,160	119,000
Prepaid assets and other current assets	(238,270)	(42,578)
Other assets	330,804	704,565
Increase (decrease) in:		
Accounts payable	(725,386)	323,980
Accrued expenses and other current liabilities	96,898	133,599
Deferred revenue	(2,984,276)	581,485
Other liabilities	(668,956)	(1,003,881)
Net cash used in operating activities	(7,336,419)	(116,995)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(353,296)	(838,932)
Proceeds from disposition of assets	1,280	40,255
Distributions to non-controlling interest	(42,956)	(96,975)
Net cash used in investing activities	(394,972)	(895,652)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from follow on offering, net of transaction costs	18,105,100	—
Proceeds from related party notes payable	—	1,000,000
Related-party note repayment	(1,076,956)	—
Finance lease principal payments	(106,414)	(56,385)
Proceeds from the exercise of stock options	658,403	—
Net cash provided by financing activities	17,580,133	943,615
Net increase (decrease) in cash and cash equivalents	9,848,742	(69,032)
Cash and cash equivalents, beginning of the period	5,405,233	1,351,270
Cash and cash equivalents, end of the period	$ 15,253,975	$ 1,282,238
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 145,072	$ 22,909
Cash paid for taxes	20,615	$ 22,100
Non-cash investing activities		
Right-of-use assets acquired under operating leases	$ 193,480	$ 1,547,800
Right-of-use assets acquired under finance leases	$ 1,013,564	$ 275,501
Aegis Contract and Related Asset Acquisition:		
Contingent consideration	$ —	$ 272,901
Non-cash financing activities		
Related party note conversion to common stock	$ 514,148	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1. Description of Business and Basis of Presentation

Description of Business

Tecogen Inc., a Delaware corporation (together with its subsidiaries "we", "our", "us", "Tecogen," or "Company"), was incorporated on September 15, 2000. We produce commercial and industrial, natural-gas-fueled engine-driven, combined heat and power (CHP) products that reduce energy costs, decrease greenhouse gas emissions and alleviate congestion on the national power grid. Our products supply electric power or mechanical power for cooling, while heat from the engine is recovered and purposefully used at a customer facility. The majority of our customers are located in regions with the highest utility rates, typically California, the Midwest and the Northeast.

Our operations are comprised of three business segments. Our Products segment designs, manufactures and sells industrial and commercial cogeneration systems. Our Services segment provides operation and maintenance services to customers for our products. Our Energy Production segment sells energy in the form of electricity, heat, hot water and cooling to our customers under long-term sales agreements.

On April 30, 2025, we announced that shares our shares of common stock had been approved for listing on the NYSE American LLC ("NYSE American"), stock exchange. On May 6, 2025, our common stock began trading on the NYSE American under our current symbol "TGEN."

On July 21, 2025, we closed on the sale of an aggregate of 3,985,000 shares of common stock, $0.001 par value per share ("Common Stock"), including an additional 485,000 shares of common stock to cover over-allotments, at a price to the public of $5.00 per share (before deduction of underwriting discounts and commissions), in a firm commitment underwritten public offering pursuant to an underwriting agreement, dated July 18, 2025 ("Underwriting Agreement"), between the Company and Roth Capital Partners, LLC ("Roth") as sole underwriter and manager for the offering ("Offering"). The net proceeds from the Offering, after deducting underwriting discounts and commissions and offering expenses were approximately $18,105,100. The net Offering proceeds were as follows:

Gross proceeds	$	19,925,000
Transaction Costs		
Underwriters discounts and commissions		1,394,750
Legal fees		256,557
Assurance		83,000
Original listing fee		75,000
Filing and other fees		10,593
Total transaction costs		1,819,900
Net offering proceeds	$	18,105,100

Basis of Presentation

The financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board, or FASB. The FASB sets United States' ("U.S.") generally accepted accounting principles, or U.S. GAAP, to ensure financial condition, results of operations, and cash flows are consistently reported. References to U.S. GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification, or ASC. We adopted the presentation requirements for noncontrolling interests required by ASC 810 Consolidation. Under ASC 810, earnings or losses attributed to the noncontrolling interests are reported as part of the consolidated earnings and not a separate component of income or expense.

The accompanying condensed consolidated financial statements include our accounts and the accounts of the entities in which we have a controlling financial interest. Those entities include our wholly-owned subsidiary, American DG Energy Inc. ("ADGE"), Tecogen CHP Solutions, Inc., and a joint venture, American DG New York, LLC, or ADGNY, in which ADGE holds a 51.0% interest. As the controlling partner, all major decisions in respect of ADGNY are made by ADGE in accordance with the joint venture agreement. The interests in the individual underlying energy system projects in ADGNY vary between ADGE and its joint venture partner. The noncontrolling interest and distributions are determined based on economic ownership. The economic ownership is calculated by the amount invested by us and the noncontrolling partner in each site. Each quarter, we calculate a year-to-date profit or loss for each site that is part of ADGNY and the noncontrolling interest percent of economic ownership in each site is applied to determine the noncontrolling interest share in the profit or loss. The same methodology is used to determine quarterly distributions of available cash to the noncontrolling interest partner. On our balance sheet, noncontrolling interest represents the joint venture partner’s investment in ADGNY, plus its share of after-tax profits less any cash distributions. ADGE owned a controlling 51.0% legal and economic interest in ADGNY as of September 30, 2025 and December 31, 2024. Operating results for the nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. All intercompany transactions have been eliminated in consolidation.

The condensed consolidated balance sheet at December 31, 2024 has been derived from the audited consolidated financial statements at that date included in our Annual Report on Form 10-K for the year ended December 31, 2024, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Tecogen's Annual Report on Form 10-K for the year ended December 31, 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory

Raw materials, work in process, and finished goods inventories are stated at the lower of cost, as determined by the average cost method, or net realizable value. We periodically review inventory quantities on hand for excess and/or obsolete inventory based primarily on historical usage, as well as based on estimated forecast of product demand. Any reserves that result from this review are charged to cost of sales.

Income Taxes

The provisions for income taxes in the accompanying unaudited consolidated statements of operations differ from that which would be expected by applying the federal statutory tax rate primarily due to losses for which no benefit is recognized.

Business Combinations

In accordance with applicable accounting standards, we estimate the fair value of assets acquired and liabilities assumed as of the acquisition date of each business combination. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. We may make certain estimates and assumptions when determining the fair values of assets acquired and liabilities assumed, including intangible assets. Critical estimates in valuing certain intangible assets include but are not limited to future expected cash flows from energy production sites or customer maintenance contracts, estimated operating costs, as well as discount rates. At the acquisition date, we will also record acquisition related liabilities, if applicable, for any contingent consideration or deferred payments to the seller and pre-acquisition deferred maintenance contingencies identified at service contract acquisition. Contingent consideration and pre-acquisition deferred maintenance contingencies are recorded at fair value on the acquisition date based on our expectation of achieving the contractually defined revenue targets and actual and projected future costs. The fair value of the contingent consideration and pre-acquisition deferred maintenance liabilities are remeasured each reporting period after the acquisition date and any changes in the estimated fair value are reflected as gains or losses in cost of goods sold or general and administrative expense in the condensed consolidated statements of operations. Contingent consideration liabilities and deferred payments to sellers are recorded as current liabilities and other long-term liabilities in the consolidated balance sheets based on the expected timing of settlement.

Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Any changes to provisional amounts identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined. Transaction costs associated with business combinations are expensed as incurred.

Segment Information

Our operations are comprised of three business segments. Our Products segment designs, manufactures and sells industrial and commercial cogeneration systems as described above. Our Services segment installs and maintains our cogeneration systems. Our Energy Production segment sells energy in the form of electricity, heat, hot water and cooling to our customers under long-term sales agreements. Segment profit is based on operating income after the elimination of intercompany transactions. Segment profit is a measure of operating performance of our reportable segments and may not be comparable to similar measures reported by other companies. Segment profit is a performance metric utilized by our Chief Executive Officer, who is our Chief Operating Decision Maker, to allocate resources to and assess performance of our segments. See "Note 13.

Segments " of the Notes to Condensed Consolidated Financial Statements, for a reconciliation of segment profit to income from operations.

Recently Issued Accounting Standards

*Income Taxes (Topic 740) - Improvements to Income Tax Disclosure*s. In December 2023, the Financial Accounting Standards Board issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. ASU 2023-09 provides more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this update are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The adoption of Topic 740 did not have a material effect on our consolidated financial statements, other than with respect to expanded disclosure.

Compensation - Stock Compensation (Topic 718) - In March 2024, the Financial Accounting Standards Board issued ASU 2024-01, *Compensation - Stock Compensation (Topic 718)*. ASU 2024-01 addresses generally accepted accounting principles relating to profits interest awards and similar awards provided to employees or non-employees to align compensation with an entity's operating performance and provide the holders with the opportunity to participate in future profits and/or equity appreciation of the entity. The amendments in this Update are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods for public entities. For all other entities, the amendments are effective for annual periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance We do not issue profits interest awards, and therefore, the adoption of ASU 2024-01 024-01 did not have a material effect on our financial position or results of operation.

Codification Improvements – Amendments to Remove References to the Concepts Statements. In March 2024, the Financial Accounting Standards Board issued ASU 2024-02, *Codification Improvements – Amendments to Remove References to the Concepts Statements*. ASU 2024-02 contains amendments to the Codification that remove references to various FASB Concept Statements, affecting a variety of Topics in the Codification and applies to all reporting entities. The amendments in this update are effective for public entities for fiscal years beginning after December 15, 2024. Early application of the amendments in this update are permitted for any fiscal year or interim period for which financial statements have not yet been issued or made available for issuance. If adopted in an interim period, the amendment must be adopted as of the beginning of the fiscal year that includes the interim period. An entity should apply the amendments prospectively to all new transactions recognized on or after the date that the entity first applies the amendments, or retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied, by adjusting the opening balance of retained earnings, or other appropriate components of equity or net assets, as of the beginning of the earliest comparative period presented. The adoption of ASU 2024-02 did not have a material effect on our financial position or results of operation.

Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40). In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)*. This update is intended to improve disclosures about public entity’s expenses and will require more detailed information about types of expenses including inventory purchases, employee compensation, depreciation, amortization and depletion in commonly presented captions such as cost of sales, SG&A and research and development. In addition, an entity will be required to include certain amounts that are already disclosed under U.S. GAAP in the same disclosure as the other disaggregation requirements; disclose a qualitative description of the amounts remaining in expense captions not separately disaggregated quantitatively; and, disclose the amount of selling expense and, in annual reporting periods, the entity’s definition of selling expenses. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied prospectively to the financial statements after the effective date and retrospectively to any and all prior periods presented in the financial statements. ASU 2024-03 will apply to Tecogen after December 15, 2026, adoption of which will not have a material effect on our financial position or results of operation, but will require additional disclosure.

Financial Instruments - Credit Losses Topic (326). In July 2025, the Financial Accounting Standards Board issued ASU 2025-05, *Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses for Accounts Receivable and Contract Assets.* This update is intended to address challenges encountered when applying the guidance of *Topic 326, Financial Instruments-Credit Losses* to accounts receivable and current contract assets arising from transactions accounted for under *Topic 606, Revenue from Contracts with Customers*. The amendments in this update provide all entities with a practical expedient and entities other than public entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. Under Topic 326, in developing reasonable and supportable forecasts of expected credit losses, an entity is required to consider historical credit loss experience of financial assets with similar risks characteristics which generally provides a basis for an entity's assessment of credit losses, but also requires the entity to consider adjustments to that information to reflect the extent to which the entity expects current conditions and reasonable and supportable forecasts to differ from the conditions that existed for the period over which historical information was evaluated. The update allows entities to elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods. Early adoption is permitted in permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The amendments should be applied prospectively. ASU 2025-05 will apply to Tecogen after December 15, 2025. We are currently evaluating the impact on our consolidated financial statements and related disclosures.

Note 2. Revenue

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of our products, services, and energy production. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services or energy to customers.

Shipping and handling fees billed to customers in sales transactions are recorded in revenue and shipping and handling costs incurred are recorded in cost of sales. We have elected to exclude from revenue any value-added sales and other taxes which we collect concurrent with revenue-producing activities. These accounting policy elections are consistent with the manner in which historically we have recorded shipping and handling fees and value-added taxes. Incremental costs incurred by us to obtain a contract with a customer are negligible, if any, and are expensed ratably in proportion to the related revenue recognized.

Disaggregated Revenue

In general, our business segmentation is aligned according to the nature and economic characteristics of our products and customer relationships and provides meaningful disaggregation of each business segment's results of operations. See "Note 13. Segments" of the Notes to Condensed Consolidated Financial Statements.

The following table further disaggregates our revenue by major source and by segment for the three and nine months ended September 30, 2025 and 2024.

	Three Months Ended		Nine Months Ended	
Revenues	**September 30, 2025**	**September 30, 2024**	**September 30, 2025**	**September 30, 2024**
Products:				
Cogeneration	$ 515,067	$ 1,294,453	$ 2,662,271	$ 2,188,355
Chiller	2,234,728	37,979	5,624,818	695,040
Engineered Accessories	234,000	58,584	385,838	118,692
Total Products Revenue	2,983,795	1,391,016	8,672,927	3,002,087
Services	3,943,510	3,850,551	12,153,700	11,991,378
Energy production	255,816	388,563	929,085	1,550,549
Total revenues	$ 7,183,121	$ 5,630,130	$ 21,755,712	$ 16,544,014

Products Segment

Products. Our Products revenues include cogeneration systems that supply electricity and hot water, chillers that provide air-conditioning and hot water and engineered accessories, which consist of ancillary products and parts necessary to install a cogeneration unit including integration into the customers’ existing electrical and mechanical systems. We refer to the package of engineered accessories and engineering and design services necessary for the customers' installation of a cogeneration unit as light installation services.

We transfer control and generally recognize a sale when we ship a product from our manufacturing facility at which point title has transferred and the customer takes ownership of the product. Payment terms on product sales are generally thirty (30) days.

We recognize revenue in certain circumstances before delivery to the customer has occurred (commonly referred to as bill and hold transactions). We recognize revenue related to such transactions once, among other things, the customer has made a written fixed commitment to purchase the product(s) under normal billing and credit terms, the customer has requested the product(s) be held for future delivery as scheduled and designated by them, risk of ownership has been assumed by the customer, and the product(s) are tagged as sold and segregated for storage awaiting further direction from the customer. Due to the infrequent nature and duration of bill and hold arrangements, the value associated with custodial storage services is deemed immaterial in the context of the contract and in total, and, accordingly, none of the transaction price is allocated to such service.

Depending on the product and terms of the arrangement, we may defer the recognition of a portion of the transaction price received because we have to satisfy a future obligation (e.g., product start-up service). Amounts allocated to product start-up services are recognized as revenue when the start-up service has been completed. We use an observable selling price to determine standalone selling prices where available and either a combination of an adjusted market assessment approach, an expected cost plus a margin approach, and/or a residual approach to determine the standalone selling prices for separate performance obligations as a basis for allocating contract consideration when an observable selling price is not available. Amounts received but not recognized pending completion of performance are recognized as contract liabilities and are recorded as deferred revenue along with deposits by customers.

Services Segment

Maintenance services are provided under either long-term maintenance contracts or time and material maintenance contracts. Revenue under time and material maintenance contracts is recognized when the maintenance service is completed. Revenue under long-term maintenance contracts is recognized either ratably over the term of the contract where the contract price is fixed or when the periodic maintenance activities are completed and the invoiced cost to the customer is based on run hours or kilowatts produced in a given period. We use an output method to measure progress towards completion of our performance obligation which results in the recognition of revenue on the basis of a direct measurement of the value to the customer of the services transferred to date relative to the remaining services promised under the contract. We use the practical expedient at ASC 606-10-55-18 of recognizing revenue in an amount equal to the amount we have the right to invoice the customer under the contract.

Our initial acquisition of the Aegis Energy Services, LLC ("Aegis"), maintenance contracts and related business closed on March 15, 2023. We have included the financial results of the Aegis maintenance agreements in our condensed consolidated financial statements from April 1, 2023, from February 1, 2024 and from May 1, 2024, the closing or acquisition dates for the acquisitions in our revenue from the Services segment. See "Note 7. Aegis Contract and Related Asset Acquisitions" of the Notes to Condensed Consolidated Statements for a further discussion of the Aegis acquisition. Payment terms for maintenance services are generally thirty (30) days.

Energy Production Segment

Revenue from energy contracts is recognized when electricity, heat, hot and/or chilled water is produced by our owned on-site cogeneration systems. Each month we bill the customer and recognize revenue for the various forms of energy delivered, based on meter readings which capture the quantity of the various forms of energy delivered in a given month under a contractually defined formula which takes into account the current month's cost of energy from the local power utility.

As the various forms of energy delivered by us under energy production contracts are simultaneously delivered and consumed by the customer, our performance obligation under these contracts is considered to be satisfied over time. We use an output method to measure progress towards completion of our performance obligation which results in the recognition of revenue on the basis of a direct measurement of the value to the customer of the services transferred to date relative to the remaining services promised under the contract. We use the practical expedient at ASC 606-10-55-18 of recognizing revenue in an amount equal to that amount to which we have the right to invoice the customer under the contract. Payment terms on invoices under these contracts are generally thirty (30) days.

Contract Balances

The timing of revenue recognition, billings and cash collections result in billed accounts receivable, unbilled revenue (contract assets) and deferred revenue, consisting of customer deposits and billings in excess of revenue recognized (contract liabilities) on the condensed consolidated balance sheets.

We did not recognize any revenue during the nine months ended September 30, 2025, that was included in unbilled revenue as of September 30, 2025.

Revenue recognized during the nine months ended September 30, 2025, that was included in deferred revenue at December 31, 2024 was approximately $5,452,648.

Remaining Performance Obligations

Remaining performance obligations related to ASC 606 represent the aggregate transaction price allocated to performance obligations with an original contract term of greater than one year, excluding certain maintenance contracts and all energy production contracts where a direct measurement of the value to the customer is used as a method of measuring progress towards completion of our performance obligation. Exclusion of these remaining performance obligations is due in part to the inability to quantify values based on unknown future levels of delivery and in some cases rates used to invoice customers. Remaining performance obligations therefore consist of unsatisfied or partially satisfied performance obligations related to fixed price maintenance contracts and installation contracts.

As of September 30, 2025, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately $4,882,806. We expect to recognize revenue of approximately 79.4% of the remaining performance obligations over the next 24 months, 75.6% recognized in the first 12 months and 3.8% recognized over the subsequent 12 months and the balance thereafter.

Note 3. Income (Loss) Per Common Share

Basic and diluted loss per share for the three and nine months ended September 30, 2025 and 2024, respectively, were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Numerator:				
Net loss available to stockholders	$ (2,130,947)	$ (930,408)	$ (4,254,974)	$ (3,574,171)
Denominator:				
Weighted average shares outstanding - Basic	28,817,040	24,850,261	26,354,875	24,850,261
Effect of dilutive securities:				
Stock options	—	—	—	—
Weighted average shares outstanding - Diluted	28,817,040	24,850,261	26,354,875	24,850,261
Basic loss per share	$ (0.07)	$ (0.04)	$ (0.16)	$ (0.14)
Diluted loss per share	$ (0.07)	$ (0.04)	$ (0.16)	$ (0.14)
Anti-dilutive shares underlying stock options outstanding	243,836	1,726,086	244,836	1,726,086

Note 4. Inventories, net

Inventories at September 30, 2025 and December 31, 2024 consisted of the following:

	September 30, 2025	December 31, 2024
Raw materials, net	$ 8,802,842	$ 8,525,879
Work-in-process	566,897	930,769
Finished goods, net	188,345	177,357
Total inventories, net	$ 9,558,084	$ 9,634,005

Note 5. Property, Plant and Equipment, net

Property, plant and equipment at September 30, 2025 and December 31, 2024 consisted of the following:

	Estimated Useful Life (in Years)	September 30, 2025	December 31, 2024
Machinery and equipment	10 - 15 years	$ 2,810,232	$ 2,810,232
Furniture and fixtures	5- 7 years	1,630,386	1,598,538
Computer software	5 years	250,698	224,868
Energy systems	3 - 5 years	192,865	192,865
Leasehold improvements	*	1,141,875	906,739
		6,026,056	5,733,242
Less - accumulated depreciation and amortization		(4,237,808)	(3,995,206)
Property, plant and equipment, net		1,788,248	1,738,036

* Lesser of estimated useful life of asset or lease term

Depreciation and amortization expense on property and equipment for the three and nine months ended September 30, 2025 and 2024 was $104,405 and $300,371 and $101,780 and $307,491, respectively.

Note 6. Intangible Assets and Liabilities Other Than Goodwill

As of September 30, 2025 and December 31, 2024 we had the following amounts related to intangible assets and liabilities other than goodwill:

	September 30, 2025			December 31, 2024		
Intangible assets	**Cost**	**Accumulated Amortization**	**Total**	**Cost**	**Accumulated Amortization**	**Total**
Product certifications	$ 777,465	$ (727,178)	$ 50,287	$ 777,465	$ (709,855)	$ 67,610
Patents	888,910	(659,561)	229,349	888,910	(584,493)	304,417
Developed technology	240,000	(200,000)	40,000	240,000	(188,000)	52,000
Trademarks	26,896	—	26,896	26,896	—	26,896
In Process R&D	263,936	(169,673)	94,263	263,936	(141,394)	122,542
Favorable contract asset	384,465	(382,615)	1,850	384,465	(379,839)	4,626
Customer contracts	2,225,123	(431,617)	1,793,506	2,225,123	(290,025)	1,935,098
	$ 4,806,795	$ (2,570,644)	$ 2,236,151	$ 4,806,795	$ (2,293,606)	$ 2,513,189
Intangible liability						
Unfavorable contract liability	$ 2,618,168	$ (2,285,181)	$ 332,987	$ 2,618,168	$ (2,195,329)	$ 422,839

The aggregate amortization expense related to non-contract related intangible assets were $46,686 and $132,670 and $46,127 and $149,476 for the three and nine months ended September 30, 2025 and 2024, respectively. The net aggregate expense (credit) related to the amortization of the contract related intangible assets and liabilities for the three and nine months ended September 30, 2025 and 2024 were $22,069 and $54,517 and $6,015 and $342, respectively.

Contract Related Intangibles

The favorable contract asset and unfavorable contract liability in the foregoing table represent the fair value of ADGE's customer contracts (both positive for favorable contracts and negative for unfavorable contracts) which were acquired by us on May 18, 2017. The customer contract asset includes the maintenance services contracts acquired by us on April 1, 2023 as part of the Aegis acquisition and pursuant to the February 2024 Amendment and the May 2024 Amendment. See" Note 7. Aegis Contract and Related Asset Acquisitions."

Amortization of intangibles including contract related amounts is calculated using the straight-line method over the remaining useful life or contract term, which range from approximately one year to eleven years, and is charged against either administrative expenses or cost of sales in the accompanying condensed consolidated statement of operations. Aggregate future amortization over the next five years is estimated to be as follows as of September 30, 2025:

	Non-contract Related Intangibles	Contract Related Intangibles	Total
Year 1	$ 166,345	$ 117,041	$ 283,386
Year 2	165,584	128,865	294,449
Year 3	58,732	137,208	195,940
Year 4	10,022	137,208	147,230
Year 5	5,650	141,771	147,421
Thereafter	7,566	800,276	807,842
Total	$ 413,899	1,462,369	$ 1,876,268

Note 7. Aegis Contract and Related Asset Acquisitions

On March 15, 2023, we entered into an agreement ("Assumption Agreement") with Aegis Energy Services, LLC (“Aegis”), pursuant to which Aegis agreed to assign to us and we agreed to assume certain Aegis maintenance agreements, we agreed to purchase certain assets from Aegis, and related matters (“Acquisition”). On April 1, 2023, the Acquisition closed. Under the Assumption Agreement, we agreed to acquire from Aegis and assume Aegis’ rights and obligations arising on or after April 1, 2023, under maintenance agreements pursuant to which Aegis provided maintenance services to third parties for approximately 200 cogeneration systems and we agreed to acquire from Aegis certain vehicles and inventory used by Aegis in connection with the performance of its maintenance services. At closing, we acquired eight (8) Aegis vehicles for consideration consisting of $170,000 in cash. Also, we issued credits against outstanding accounts receivable due from Aegis in the amount of $300,000 for the acquisition of inventory that Aegis used to provide maintenance services. At closing, we hired eight (8) Aegis employees who, following the closing, have agreed to continue to provide maintenance services relating to the cogeneration systems covered by the maintenance agreements assumed pursuant to the Assumption Agreement. Following the closing and for a period of up to seven (7) years, we agreed to pay Aegis a percentage of the revenue collected for maintenance services provided pursuant to the maintenance agreements acquired from Aegis. Further, prior to December 31, 2023, we had the right to acquire and assume additional Aegis’ maintenance agreements for cogeneration systems on substantially similar terms and conditions. The Assumption Agreement contained certain indemnification provisions and agreements on the part of Aegis and for each party to cooperate with each other and provide certain transitional assistance. We acquired the Aegis maintenance agreements to expand our Service portfolio and to benefit from the long-term contract revenue stream generated by these agreements.

On February 1, 2024, Tecogen and Aegis amended the Assumption Agreement to add eighteen (18) additional maintenance contracts assumed by us ("February 2024 Amendment") which includes an undertaking by Aegis to use commercially reasonable efforts to support and assist our execution of maintenance service agreements for an additional thirty-six (36) cogeneration units sold to customers by Aegis.

On May 1, 2024, Tecogen and Aegis amended the Assumption Agreement to add thirty-one (31) additional maintenance contracts assumed by us ("May 2024 Amendment") which includes an undertaking by Aegis to use commercially reasonable efforts to support and assist our execution of maintenance service agreements for an additional forty-eight (48) cogeneration units sold to customers by Aegis.

No additional maintenance service agreements contemplated in the February 2024 Amendment or the May 2024 Amendment have been acquired as of September 30, 2025.

We have determined that the assignment and assumption of the Aegis maintenance agreements, in combination with the related asset acquisition and the retention of the former Aegis employees, constitutes a business and should be accounted for as a business combination under the acquisition method. As of the Acquisition date, we recognized, separately from goodwill, the identifiable assets acquired and the liabilities assumed, at fair value. We have applied an interpretation of the guidance in ASC 805, Business Combinations, that allows an entity to combine multiple acquisitions as one single transaction due to the April 1, 2023, February 1, 2024, and May 1, 2024, acquisitions being executed in contemplation of one another to achieve the same commercial objective for the Company. As a result, we have adjusted the initial accounting for the April 1, 2023 acquisition for the value of net assets acquired from the February 1, 2024 and May 1, 2024 acquisitions.

We have included the financial results of the Aegis maintenance agreements in our condensed consolidated financial statements from April 1, 2023, from February 1, 2024, and from May 1, 2024, the closing or acquisition dates for the acquisitions.

The following table summarizes the consideration paid for the Aegis acquisition and the fair value of assets acquired and contract-related liabilities assumed as of the acquisition date:

	Acquisitions			
	April 1, 2023	February 1, 2024	May 1, 2024	Total
Cash	$ 170,000	$ —	$ —	$ 170,000
Accounts receivable credit issued	300,000	—	—	300,000
Account payable due to Aegis	91,048	—	—	91,048
Contingent consideration	1,256,656	101,641	171,260	1,529,557
Total fair value of consideration transferred	1,817,704	101,641	171,260	2,090,605
Identifiable assets acquired and liabilities assumed:				
Assets acquired				
Property, plant and equipment	170,000	—	—	170,000
Inventory	391,048	—	—	391,048
Identifiable intangible asset - customer contracts	1,772,659	184,587	267,877	2,225,123
	2,333,707	184,587	267,877	2,786,171
Acquired contract-related liabilities assumed				
Deferred maintenance reserve	(853,271)	—	—	(853,271)
Net identifiable assets acquired	1,480,436	184,587	267,877	1,932,900
Excess of cost over fair value of net assets acquired (Goodwill)	$ 337,268	$ (82,946)	$ (96,617)	$ 157,705

Initial Acquisition - April 1, 2023

The amounts initially recognized for inventory, identifiable intangible assets, contingent consideration and deferred maintenance reserves were provisional pending completion of the necessary valuations and analysis. ASC 805 establishes a measurement period to provide companies with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date. As of December 31, 2023, we completed our analysis and valuation.

As of December 31, 2024, we recorded no remeasurement adjustments to the fair value of the contingent consideration and deferred maintenance reserves given the probability of achieving the revenue estimates and the actual and expected maintenance costs were consistent with our initial valuation.

February 2024 Amendment

The amounts initially recognized for identifiable intangible assets and contingent consideration were provisional, pending completion of the necessary valuations and analysis. ASC 805 establishes a measurement period to provide companies with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date. As of December 31, 2024, we completed our analysis and valuation for the February 2024 Amendment.

May 2024 Amendment

The amounts initially recognized for identifiable intangible assets and contingent consideration were provisional pending completion of the necessary valuations and analysis. ASC 805 establishes a measurement period to provide companies with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date. As of December 31, 2024, we completed our analysis and valuation for the May 2024 Amendment.

Acquisition Valuation

The fair value of the identifiable intangible asset was estimated using the income approach. The excess cash flow was discounted to present value using an appropriate rate of return to estimate the market value of the customer identifiable intangible asset and the risks associated with the future revenue forecasts due to potential changes in customer energy requirements or changes in the economic viability of these CHP sites which depend on the spread between natural gas fuel and electricity prices, all of which are not within our control. Key assumptions to value the customer identifiable intangible asset included the discount rate of 15%, profitability assumptions, revenue assumptions, and anticipated existing contract run out were the material assumptions utilized in the discounted cash flow model used to estimate fair value. The discount rate reflects an estimate of our weighted-average cost of capital.

Following the closing and for a period of up to seven (7) years, we agreed to pay Aegis contingent consideration equal to a percentage of the revenue collected for maintenance services provided pursuant to the maintenance agreements acquired from Aegis. On the date of acquisition, the fair value of the contingent consideration and the deferred maintenance reserve were calculated under the income approach using a weighted average cost of capital of 15%, discounting the future cash flows to present value, and are subsequently remeasured to fair value at each reporting date until the fair value contingencies are resolved. Fair value adjustments which may be determined at subsequent reporting dates will be recorded in our condensed consolidated statements of operations and will not impact the goodwill balance after the measurement period.

The contingent consideration is payable within forty-five (45) days following the end of each calendar quarter through the earlier of the expiration or termination of the relevant maintenance agreements, or the seventh (7th) anniversary of the acquisition date. The consideration is equal to the product of the revenues collected in a calendar quarter multiplied by an applicable percentage. The agreement stipulates quarterly aggregate revenue targets and an applicable percentage, and provides for a higher applicable percentage if revenues exceed the target revenues. The applicable percentage ranges from 5% to 10% over the agreement term. The deferred maintenance reserve represents costs, which are expected to be incurred over a three-year period from the date of acquisition to repair customer equipment which had not been sufficiently maintained prior to our acquisition of the maintenance service agreements.

The purchase price of the acquisition was allocated to the tangible and intangible assets acquired and liabilities assumed and recognized at their fair value based on widely accepted valuation techniques in accordance with ASC 820, "Fair Value Measurement," as of the acquisition date. The process for estimating fair value requires the use of significant assumptions and estimates of future cash flows and developing appropriate discount rates. The excess of the purchase price over fair value of the net identified assets acquired and liabilities assumed was recorded as goodwill. Goodwill is primarily attributable to the going concern element of the Aegis business, including its assembled workforce and the long-term nature of the customer maintenance agreements, as well as anticipated cost synergies due primarily to the elimination of administrative overhead. Goodwill resulting from the Aegis acquisition is not expected to be deductible for income tax purposes.

Acquisition-related costs which consisted of recurring internal resources were de minimis and such costs were expensed as incurred (ASC 805-50-30-1).The following table summarizes the contract-related liabilities assumed as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Acquisition liabilities, current portion		
Contingent consideration	$ 394,226	$ 328,350
Deferred maintenance reserve	467,253	574,202
	861,479	902,552
Acquisition liabilities, net of current portion		
Contingent consideration	816,951	1,008,760
Deferred maintenance reserve	$ 816,951	$ 1,008,760

Revenues and gross profit from the Aegis maintenance contracts were $467,132 and $273,325 and $1,660,159 and $1,007,390, respectively, for the three and nine months ended September 30, 2025. Revenue and gross profit for the three and nine months ended September 30, 2024 were $537,353 and $367,982 and $1,948,900 and $1,324,861, respectively. The revenue and gross profit are and have been included in our Services segment since the respective contract acquisition dates.

Periodic Remeasurement of Contingent Liabilities

The fair value of the contingent consideration and pre-acquisition deferred maintenance liabilities are remeasured each reporting period after the acquisition date and any changes in the estimated fair value are reflected as gains or losses in cost of goods sold or general and administrative expense in the condensed consolidated statement of operations.

We performed a remeasurement analysis of the contingent consideration and pre-acquisition deferred maintenance liabilities at September 30, 2025 and determined that the carrying value of the liabilities approximated the estimated fair value of the liabilities, based on a discounted cash flow analysis, and did not record a remeasurement adjustment for the period ended September 30, 2025.

We are unable to provide the pro forma information required under ASC 805-10-50-2(h) as the disclosure is impracticable since the required pre-acquisition historical contract records were not maintained by Aegis in a manner that would allow for an accurate reconstruction of financial performance prior to the acquisitions. Despite reasonable efforts to obtain and validate the necessary data, including a review of the available information that was provided during the acquisition, we were unable to compile reliable financial information that would meet the disclosure requirements under ASC 805.

Note 8. Sale of Energy Producing Assets

During the first quarter of 2019, we recognized two individual sales of energy producing assets for a total of eight power purchase agreements, including the associated energy production contracts, for total consideration of $7 million.

In connection with these assets sales, we entered into agreements with the purchaser to maintain and operate the assets over the remaining periods of the associated energy production contracts (through August 2033 and January 2034, respectively) in exchange for monthly maintenance and operating fees. These agreements contain provisions whereby we have guaranteed to the purchaser a minimum level or threshold of cash flows from the associated energy production contracts. Actual results are compared to the minimum threshold bi-annually and we are contractually obligated to reimburse any shortfall to the purchaser. To the extent actual cash flow results exceed the minimum threshold, we are entitled to 50% of such excess under the agreements. Based upon an analysis of these energy producing assets' expected future performance, as of September 30, 2025, we do not expect to make any material payments under the guarantee.

At June 30, 2025, our obligation under the energy production contracts was $42,089, representing 100% of the cash flows shortfall below the minimum threshold for the bi-annual period ended June 30, 2025. Payment was made in the third quarter of 2025 and our obligation as of September 30, 2025 was $0.

The foregoing agreements also contain provisions whereby we have agreed to make whole the purchaser in the event the counterparty to the energy production contract(s) defaults on or otherwise terminates before the stated expiration of the energy production contract. If we are required to make whole the purchaser under such provisions, we would be entitled to seek recovery from the counterparty to the energy production contract(s) under a similar provision contained in those contracts in respect of early termination.

We are also responsible under the agreements for site decommissioning costs, if any, in excess of certain threshold amounts by site. Decommissioning of site assets is performed when, if and as requested by the counterparty to the energy production contract upon termination of the energy production contract. We review and assess the likelihood and potential liability for decommissioning when sites cease operating. To date, our decommissioning liability exposure has not been material since most customers assume the decommissioning costs in connection with their facility upgrade.

Note 9. Leases

Our leases principally consist of operating leases related to our corporate office, field offices, and our research, manufacturing, and storage facilities. Effective December 19, 2023, we entered into a master finance lease agreement for motor vehicles.

At inception, we determine if an arrangement constitutes a lease and whether that lease meets the classification criteria of a finance or operating lease. Some of our lease agreements contain lease components (e.g. minimum rent payments) and non-lease components (e.g. maintenance, labor charges, etc.). We account for each component separately based on the estimated standalone price of each component.

Operating Leases

Operating leases are included in Right-of-use assets - operating leases, Operating lease obligations, current portion and Operating lease obligations, net of current portion, on the consolidated balance sheets. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term and using an incremental borrowing rate consistent with the lease terms or implicit rates, when readily determinable. For those leases where it is reasonably certain at the commencement date that we will exercise the option to extend the lease, then the lease term will include the lease extension term. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the balance sheet.

On March 31, 2023, we entered into two lease agreements for two adjacent buildings, located in North Billerica, Massachusetts, containing approximately 26,412 square feet of manufacturing, storage and office space to serve as our headquarters and manufacturing facilities. The lease agreements provide for initial lease terms of five (5) years with two successive options to renew for additional terms of five (5) years. Both leases commenced on January 1, 2024 and require payment of the base rent, real estate taxes, common maintenance expenses and aggregate deposits of $38,200. Our costs for initial improvements required to the leased premises is estimated to range between $1,125,000 and $1,175,000. As of

September 30, 2025 we have spent $1,141,875 on the required improvements at our North Billerica facility. The estimated straight-line monthly rent expense for the initial term of the lease is approximately $26,962 per month. In accordance with ASC 842-20-30-1, we recorded the lease liability and right-of-use asset using the discount rate for the lease upon the lease commencement date, January 1, 2024.

On January 1, 2024 we extended the lease for our 2,800 square foot Valley Stream, NY service center for an additional three (3) years through December 31, 2026, with an option to renew for an additional term of three (3) years. The straight-line base monthly rent for the extension is $4,560 per month. On February 1, 2024, we entered into a lease agreement for 2,063 square feet of office and storage space in East Syracuse, New York for an initial lease term of three (3) years, expiring on January 31, 2027, with an option for an additional lease term of two (2) years. The straight-line base monthly rent for the initial lease term is $1,891 per month. On June 17, 2024, we extended our lease for our 1,751 square foot Hayward, CA service facility for an additional three (3) years through July 31, 2027. The straight-line monthly rent for the extension is $3,662 per month. On January 15, 2025, we entered into a lease agreement for 2,969 square feet of office and storage space in Easton, MA for an initial term of five (5) years, expiring on January 31, 2030, with an option for an additional lease term of five (5) years. The straight-line base monthly rent for the initial lease term is $2,324 per month. On April 30, 2025, we extended the term of our Windsor, CT service center for an additional two (2) years through March 31, 2027, effective April 1, 2025, for 2,000 square feet of office and storage space, with an option for an additional lease term of two (2) years. The straight-line base monthly rent for the initial lease term is $1,850 per month. On July 1, 2025, we exercised our option and extended the term of our 1,414 square foot Mamaroneck, NY service center for an additional term of five (5) years, expiring on February 28, 2031. The straight-line monthly rent for the additional term is $4,519 for our Mamaroneck, NY service facility

The lease on our former headquarters located in Waltham, Massachusetts which consisted of approximately 43,000 square feet of manufacturing, storage and office space, expired on April 30, 2024. The base monthly rent in 2024 was $44,254.

Lease expense for operating leases, which principally consists of fixed payments for base rent, is recognized on a straight-line basis over the lease term. Operating lease expense for the three and nine months ended September 30, 2025 and 2024 was $149,868 and $447,128 and $164,627 and $631,840, respectively.

Supplemental information related to operating leases for the nine months ended September 30, 2025 and 2024 was as follows:

	September 30, 2025	September 30, 2024
Cash paid for amounts included in the measurement of operating lease liabilities	$ 412,009	$ 589,455
Right-of-use assets obtained in exchange for operating lease liabilities	$ 193,480	$ 1,547,800
Weighted-average remaining lease term - operating leases	3.2 Years	4.3 Years
Weighted-average discount rate - operating leases	7.6 %	7.5 %

Supplemental balance sheet information related to operating leases as of September 30, 2025 and December 31, 2024 was as follows:

	September 30, 2025	December 31, 2024
Operating leases		
Right-of-use assets	$ 1,610,839	$ 1,730,358
Operating lease liabilities, current portion	$ 534,397	$ 430,382
Operating lease liabilities, net of current portion	1,126,695	1,341,789
Total operating lease liability	$ 1,661,092	$ 1,772,171

Finance Leases

Finance leases are included in Right-of-use assets - finance leases, Finance lease obligations, current portion and Finance lease obligations, net of current portion, on the condensed consolidated balance sheets. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term and using an incremental borrowing rate consistent with the lease terms or implicit rates, when readily determinable. For those leases where it is reasonably certain at the commencement date that we will exercise the option to extend the lease, then the lease term will include the lease extension term. On December 19, 2023, we entered into a master finance lease agreement for motor vehicles. As of September 30, 2025, we have thirty-one (31) vehicles under lease of which eleven vehicles (11) have been added in the nine months ended September 30, 2025.

Lease expense for finance leases for the nine months ended September 30, 2025 and 2024 was as follows:

	September 30, 2025	September 30, 2024
Finance lease cost:		
Depreciation of right-of-use assets	$ 136,329	$ 37,565
Interest on lease liabilities	53,557	16,240
Total finance lease cost	$ 189,886	$ 53,805

Supplemental information related to finance leases for the nine months ended September 30, 2025 and 2024 was as follows:

	September 30, 2025	September 30, 2024
Cash paid for amounts included in the measurement of finance lease liabilities	$ 258,076	$ 71,138
Right-of-use assets obtained in exchange for finance lease liabilities	1,013,564	275,501
Weighted-average remaining lease term - finance leases	4.3 Years	4.5 Years
Weighted-average discount rate - finance leases	10.3 %	9.8 %

Supplemental balance sheet information related to finance leases as of September 30, 2025 and December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Finance leases		
Right-of-use assets - motor vehicles	$ 1,305,353	$ 425,563
Right-of-use assets - boiler	—	26,827
Total finance lease assets	$ 1,305,353	$ 452,390
Finance lease liabilities, current portion	$ 252,406	$ 85,646
Finance lease liabilities, net of current portion	934,109	325,235
Total finance lease liabilities	$ 1,186,515	$ 410,881

Future minimum lease commitments under non-cancellable operating and finance leases as of September 30, 2025 were as follows:

	Operating Leases	Finance Leases	Total
Year 1	$ 595,143	$ 368,575	$ 963,718
Year 2	525,863	344,321	870,184
Year 3	475,673	344,321	819,994
Year 4	188,297	294,856	483,153
Year 5	66,037	108,827	174,864
Thereafter	23,725	—	23,725
Total lease payments	1,874,738	1,460,900	3,335,638
Less: imputed interest	213,646	274,385	488,031
Total	$ 1,661,092	$ 1,186,515	$ 2,847,607

Note 10. Stock-Based Compensation

Stock-Based Compensation

On December 22, 2005, our Board of Directors adopted Tecogen's 2006 Stock Option and Incentive Plan ("2006 Plan") under which the Board of Directors or a committee appointed by the Board of Directors may grant incentive stock options to officers and employees and may grant non-qualified stock options, restricted stock and stock to officers, employees, directors, advisors and consultants. The 2006 Plan was amended at various dates by the Board of Directors to increase the number of shares of common stock reserved for issuance under the Plan to 3,838,750, and, in June 2017, stockholders approved an amendment to extend the termination date of the Plan to January 1, 2026 (2006 Plan as amended, "Amended Plan").

Stock options vest based upon the terms of each individual option grant with an acceleration of the unvested portion of such options upon a change of control event, as defined in the Amended Plan. The options are not transferable except by will or domestic relations order. Under the Internal Revenue Code, the option exercise price per share under the Amended Plan cannot be less than the fair market value of the underlying shares on the date of the grant. Incentive stock options granted to an officer or employee owning more than 10% of the combined voting power of the Company, are required to be exercisable at a price per share equal to 110% of the fair market value of a share on the date of grant. The number of shares remaining available for future issuance under the Amended Plan as of September 30, 2025 was 1,151,068.

During the nine months ended September 30, 2025, we granted non-qualified options to purchase an aggregate of 58,500 shares of common stock to certain employees at prices between $2.14 per share and $8.61 per share under the Amended Plan. The fair value of the options issued in 2025 was $137,413. The weighted-average grant date fair-value of stock options granted in 2025 was $2.35 per share.

On March 8, 2022, our Board of Directors adopted Tecogen's 2022 Stock Incentive Plan ("2022 Plan"), under which the Board of Directors or a committee appointed by the Board of Directors may grant incentive stock options to officers and employees and grant non-qualified stock options, restricted stock, and stock grants to officers, employees, directors, advisors and consultants. We have reserved 3,800,000 shares of our common stock for issuance pursuant to awards under the 2022 Plan. The adoption of the 2022 Plan was approved by our shareholders on June 9, 2022. The 2022 Plan expires ten years from its effective date or March 1, 2032.

Under the 2022 Plan, stock options vest based upon the terms of each individual option grant with an acceleration of the unvested portion of such options upon a change of control event, as defined in the 2022 Plan. The options are not transferable except by will or domestic relations order. Under the Internal Revenue Code, the option exercise price per share under the Amended Plan cannot be less than the fair market value of the underlying shares on the date of the grant. Incentive stock options granted to an officer or employee owning more than 10% of the combined voting power of the Company are required to be exercisable at a price per share equal to 110% of the fair market value of a share on the date of grant. The number of shares remaining available for future issuance under the Plan as of September 30, 2025 was 2,632,856.

During the nine months ended September 30, 2025, we granted non-qualified and incentive stock options to purchase an aggregate of 221,336 shares of common stock to certain employees priced at $8.35 per share under the 2022 Plan. The fair value of the options issued in 2025 was $918,035. The weighted-average grant date fair-value of stock options granted in 2025 was $4.15 per share. Also, during the nine months ended September 30, 2025 we granted restricted stock awards, with respect to 95,808 shares of common stock priced at $8.35 per share and which vest in equal annual installments over the four year period commencing on the first anniversary of the date of grant.

Stock option activity for the nine months ended September 30, 2025 was as follows:

Common Stock Options	Number of Options	Exercise Price Per Share			Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2024	2,752,962	$0.71	—	$3.93	$ 1.14	6.70 years	$ 1,348,684
Granted	279,836	$2.14	—	$8.61	$ 7.60		
Exercised	(547,654)	$0.71	—	$3.93	$ 1.20		$ 4,166,480
Canceled and forfeited	(110,600)	$0.71	—	$3.48	$ 0.95		
Outstanding, September 30, 2025	2,374,544	$0.71	—	$8.61	$ 1.90	6.06 years	$ 16,412,063
Exercisable, September 30, 2025	1,480,958				$ 1.24		$ 11,217,693
Vested and expected to vest, September 30, 2025	2,240,506				$ 1.83		$ 15,632,907

We used a forfeiture rate of 15% to calculate the shares which are expected to vest in the table above. We use the Black-Scholes option pricing model to determine the fair value of stock options granted as of the date of grant. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the average volatility of four comparable publicly traded companies. The average expected life was estimated using the simplified method to determine the expected life based on the vesting period and contractual terms, since we do not have the necessary historical exercise data to determine an expected life for stock options. We use a single weighted-average expected life to value option awards and recognize compensation on a straight-line basis over the requisite service period for each separately vesting portion of the awards. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term which approximates the expected life assumed at the date of grant.

The weighted average assumptions used in the Black-Scholes option pricing model for options granted in nine months ended September 30, 2025 and 2024 are as follows:

Stock Option Award Assumptions	September 30, 2025	September 30, 2024
Expected dividend yield	—%	—%
Expected life	6.25 years	6.25 years
Risk-free interest rate	4.10%	4.28%
Expected volatility	44.32%	40.17%

Consolidated stock-based compensation expense for stock options for the three and nine months ended September 30, 2025 and 2024 was $88,714 and $172,153 and $41,908 and $131,906, respectively. Stock-based compensation for restricted stock awards granted for the three and nine months ended September 30, 2025 was $37,705. No tax benefit was recognized related to the stock-based compensation recorded during the period.

At September 30, 2025, the total compensation cost related to unvested stock options and restricted stock awards not yet recognized is $1,924,038 and this amount will be recognized over a weighted average period of 2.39 years.

Note 11. Related Party Notes

On October 9, 2023, we entered into note subscription agreements with each of John N. Hatsopoulos and Earl R. Lewis, III, each a director and shareholder of the Company, pursuant to which Mr. Hatsopoulos agreed to provide financing to us of up to $1,000,000, and Mr. Lewis agreed to provide financing to us of $500,000, and potentially, an additional $500,000 at his discretion. On October 10, 2023, we borrowed $500,000 from Mr. Hatsopoulos and issued him a one-year promissory note with interest accruing at 5.12% per annum. On July 23, 2024, we borrowed an additional $500,000 from Mr. Hatsopoulos, and issued a one-year promissory note with interest accruing at 5.06% per annum. On March 21, 2024, the terms of the promissory note, dated October 10, 2023, we extended the maturity date by one-year, making the maturity date October 10, 2025. On September 18, 2024, we borrowed $500,000 from Mr. Lewis and issued him a one-year promissory note with interest accruing at 4.57% per annum.

On January 14, 2025, we agreed to permit Mr. Lewis to either receive repayment of his note in cash or, at his discretion, convert the balance of the promissory note into shares of our common stock. In the event of such a conversion, the number of shares we were required to be issue is determined by dividing the balance due under the promissory note by the average closing price per share of our shares during the thirty-day period prior to the date of conversion.

On February 18, 2025, we amended the promissory notes with Mr. Hatsopoulos to extend the maturity dates for both promissory notes to July 31, 2026. We also agreed to permit Mr. Hatsopoulos to either receive repayment of his notes in cash, or at his discretion, convert the balance(s) due of one or both of the promissory notes into shares of our common stock. In the event of such a conversion, the number of shares we were required to issue is determined by dividing the balance(s) due under the promissory note(s) by the average closing price per share of our shares during the thirty-day period prior to the date of conversion. Both of the promissory notes with Mr. Hatsopoulos were reclassed to long-term liabilities due to the February 18, 2025 amendment.

The loans are required to be repaid in the event of a change of control of the company and upon the occurrence of an event of default under the note, including upon a failure to pay when due the principal and interest when due, or the commencement of voluntary or involuntary bankruptcy or insolvency proceeding.

The loans and terms of the loan agreements were unanimously approved by our Board of Directors.

The loans bear interest on the outstanding principal at the Internal Revenue Service's Applicable Federal Rate to be determined at the time we issue a promissory note in connection with a loan draw-down. The notes may be prepaid by us at any time. The principal amount of each loan and accrued interest is subject to mandatory prepayment in the event of a change of control of the registrant. The promissory notes are subject to customary events of default and are transferable provided the conditions to transfer set forth in the promissory notes are satisfied by the noteholder. The proceeds of the loans have been used for general working capital purposes and to fund the initial improvements required at our North Billerica facility.

On May 1, 2025, Mr. Lewis elected to convert the promissory note we issued to him in connection with his loan to us in the principal amount of $500,000 together with $14,148 of accrued and unpaid interest into 240,256 shares of our common stock at a per share price of $2.14. The number of shares was determined by dividing the balance due under the promissory note by the average closing price per share of our shares during the thirty-day period prior to the date of conversion. At September 30, 2025 our obligation to Mr. Lewis under the promissory note was retired.

On September 3, 2025 and September 4, 2025, we paid $548,675 and $528,281, respectively, to Mr. Hatsopoulos in repayment of his loans to us in the aggregate principal amount of $1,000,000 together with $76,956 of accrued and unpaid interest. At September 30, 2025, our obligation to Mr. Hatsopoulos under the promissory notes were retired.

Note 12. Fair Value Measurements

The fair value topic of the FASB Accounting Standards Codification defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. We currently do not have any Level 1 financial assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for substantially the full term of the asset or liability. We have Level 2 financial assets as provided below.

Level 3 - Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability. We have Level 3 liabilities as provided below.

Marketable equity securities

The following tables present the asset reported in "other assets" in the condensed consolidated balance sheet measured at its fair value on a recurring basis as of September 30, 2025 and 2024 by level within the fair value hierarchy.

	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Gains (losses)
September 30, 2025					
Recurring fair value measurements					
Marketable equity securities					
EuroSite Power Inc.	$ 18,749	$ —	$ 18,749	$ —	$ (74,995)
Total recurring fair value measurements	$ 18,749	$ —	$ 18,749	$ —	$ (74,995)
September 30, 2024					
Recurring fair value measurements					
Marketable equity securities					
EuroSite Power Inc.	$ 93,744	$ —	$ 93,744	$ —	$ —
Total recurring fair value measurements	$ 93,744	$ —	$ 93,744	$ —	$ —

We utilize a Level 2 category fair value measurement to value our investment in EuroSite Power, Inc. as a marketable equity security at period end. That measurement is equal to the quoted market closing price at period end. Since this security is not actively traded we classify it as Level 2.

The following table summarizes changes in Level 2 assets which are comprised of marketable equity securities for the three and nine months ended September 30, 2025 and 2024:

Fair value at December 31, 2024	$	93,744
Unrealized loss		(74,995)
Fair value at September 30, 2025	$	18,749

Fair value at December 31, 2023	$	93,744
Unrealized gain		—
Fair value at September 30, 2024	$	93,744

Contingent Contract Consideration

We utilize a Level 3 category fair value measurement to value the agreed upon Aegis contingent contract consideration liability at period end since there are no quoted prices for this liability in non-active markets, there are no quoted prices for similar liabilities in active markets and there are no inputs that are observable for substantially the full term of the the liability. The contingent contract consideration calculation requires management to make estimates and assumptions that affect the reported amount of the liability. The contingent contract consideration is payable each calendar quarter through the earlier of the expiration or termination of the relevant maintenance agreements, or the seventh (7th) anniversary of the acquisition date. The consideration is equal to the product of the revenues collected in a calendar quarter multiplied by an applicable percentage. The agreement stipulates quarterly aggregate revenue targets and an applicable percentage, and provides for a higher applicable percentage if revenues exceed the target revenues. The applicable percentage ranges from 5% to 10% over the agreement term. On the date of acquisition, the fair value of the contingent consideration was calculated using a weighted average cost of capital of 15%, discounting the future cash flows to present value.

			Quoted prices in active markets for identical assets		Significant other observable inputs		Significant unobservable inputs		
		Total		**Level 1**		**Level 2**		**Level 3**	**Total g (losse**
September 30, 2025									
Recurring fair value measurements									
Contingent contract consideration									
Acquisition liabilities, current portion	$	394,266	$	—	$	—	$	394,266	$
Acquisition liabilities, net of current portion		816,951		—		—		816,951	
Total recurring fair value measurements	$	1,211,217	$	—	$	—	$	1,211,217	$
September 30, 2024									
Recurring fair value measurements									
Contingent contract consideration									
Acquisition liabilities, current portion	$	284,289	$	—	$	—	$	284,289	$
Acquisition liabilities, net of current portion		1,078,829		—		—		1,078,829	
Total recurring fair value measurements	$	1,363,118	$	—	$	—	$	1,363,118	$

Note 13. Segments

Our Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), manages our business through three operating segments, wherein our CODM manages our businesses by: (i) assessing operating performance on a periodic basis; (ii) making resource allocation decisions; and (iii) designating responsibilities for his direct reports. As of September 30, 2025, we were organized into three operating segments through which senior management evaluates our business. These segments, as described in more detail in "Note 1. Description of Business and Basis of Presentation", are organized around the products, services and energy production provided to customers and represent our reportable segments.

Our CODM uses segment profit, based on operating income after the elimination of intercompany transactions and segment identifiable assets to assess segment operating performance and to make resource allocation decisions. Certain costs such as other income (expense) are not included in the measure of segment profit and are excluded from management's assessment of segment financial performance.

Corporate includes finance, treasury, certain research and development costs, tax and legal costs and certain other costs which are not allocated to the reportable segments.

The following table presents information by reportable segment for the three and nine months ended September 30, 2025 and 2024:

	Products	Services	Energy Production	Corporate	Total
Three Months Ended September 30, 2025					
Revenues	$ 2,983,795	$ 3,943,510	$ 255,816	$ —	$ 7,183,121
Cost of sales	1,885,377	2,946,438	167,740		4,999,555
Gross profit	1,098,418	997,072	88,076	—	2,183,566
Operating expenses	542,613	2,212,366	14,867	1,514,424	4,284,270
Profit (loss) from operations	$ 555,805	$ (1,215,294)	$ 73,209	$ (1,514,424)	$ (2,100,704)
Identifiable assets	$ 9,610,556	$ 12,841,859	$ 2,611,264	$ 16,400,609	$ 41,464,288
Nine Months Ended September 30, 2025					
Revenues	$ 8,672,927	$ 12,153,700	$ 929,085	$ —	$ 21,755,712
Cost of sales	5,605,282	7,675,073	608,258		13,888,613
Gross profit	3,067,645	4,478,627	320,827	—	7,867,099
Operating expenses	1,719,754	5,830,684	30,539	4,392,932	11,973,909
Profit (loss) from operations	$ 1,347,891	$ (1,352,057)	$ 290,288	$ (4,392,932)	$ (4,106,810)
Identifiable assets	$ 9,610,556	$ 12,841,859	$ 2,611,264	$ 16,400,609	$ 41,464,288
Three Months Ended September 30, 2024					
Revenues	$ 1,391,016	$ 3,850,551	$ 388,563	$ —	$ 5,630,130
Cost of sales	797,210	2,139,041	212,965	—	3,149,216
Gross profit	593,806	1,711,510	175,598	—	2,480,914
Operating expenses	404,812	1,648,917	20,584	1,279,824	3,354,137
Profit (loss) from operations	$ 188,994	$ 62,593	$ 155,014	$ (1,279,824)	$ (873,223)
Identifiable assets	$ 9,200,050	$ 12,414,637	$ 3,077,535	$ 2,788,065	$ 27,480,287
Nine Months Ended September 30, 2024					
Revenues	$ 3,002,087	$ 11,991,378	$ 1,550,549	$ —	$ 16,544,014
Cost of sales	2,018,734	6,423,114	966,440	—	9,408,288
Gross profit	983,353	5,568,264	584,109	—	7,135,726
Operating expenses	1,493,825	4,768,807	61,834	4,208,335	10,532,801
Profit (loss) from operations	$ (510,472)	$ 799,457	$ 522,275	$ (4,208,335)	$ (3,397,075)
Identifiable assets	$ 9,200,050	$ 12,414,637	$ 3,077,535	$ 2,788,065	$ 27,480,287

Note 14. Subsequent Events

We have evaluated events through the date of this filing, and, except as described below, have determined that no material subsequent events occurred that would require recognition in the consolidated financial statements or disclosure in the notes thereto.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis and other parts of this report should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in this report and is qualified in its entirety by the foregoing and by more detailed financial information appearing elsewhere in this report. See "Item 1 - Financial Statements." In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed in the "Cautionary Note Concerning Forward Looking Statements" above. While we may elect to update forward-looking statements in the future, except as required by law, we specifically disclaim any obligation to do so, even if our estimates change, and you should not rely on those forward-looking statements as representing our views as of any date subsequent to the date of the filing of this report.

Recent Developments

Recent Equity Financing

On July 21, 2025, we closed on the sale of an aggregate of 3,985,000 shares of common stock, $0.001 par value per share ("Common Stock"), including an additional 485,000 shares of common stock to cover over-allotments, at a price to the public of $5.00 per share (before deduction of underwriting discounts and commissions), in a firm commitment underwritten public offering pursuant to an underwriting agreement, dated July 18, 2025 ("Underwriting Agreement"), between the Company and Roth Capital Partners, LLC ("Roth"), as sole underwriter and manager for the offering ("Offering"). The net proceeds from the Offering, after deducting underwriting discounts and commissions and offering expenses were approximately $18,105,100. See "Note 1. Description of Business and Basis of Presentation" of the Notes to Condensed Consolidated Statements for additional detail on the net Offering proceeds.

We have used and intend to use the net proceeds of the offering for continued product development, increased sales and marketing activities, sales, marketing, additional human resources, capital expenditures, repayment of related party promissory notes and other costs and expenses we may incur in connection with the anticipated expansion into the data center market, and for general working capital and corporate purposes.

Uplist to NYSE American Stock Exchange

On April 30, 2025, we announced that our common stock had been approved for listing on the NYSE American LLC ("NYSE American") stock exchange. On May 6, 2025, our common stock began trading on the NYSE American under our current symbol "TGEN."

Vertiv Sales and Marketing Agreement - Data Center Cooling Market

On February 28, 2025, we entered into a Sales and Marketing Agreement with Vertiv Corporation ("Vertiv") relating to sales of Tecogen DTx chillers for data center cooling applications ("Vertiv Agreement"). The Vertiv Agreement has a term of two years and provides that Vertiv will engage in establishing a budget for marketing activities and use commercially reasonable efforts to sell our DTx chillers for cooling applications in data centers. The Vertiv Agreement also provides the basis for the negotiation of a definitive supply agreement between us and Vertiv. We have agreed to provide Vertiv with reasonable discounts for purchases of significant volumes of our chillers, and Vertiv has agreed to use commercially reasonable efforts to assist us in securing favorable terms for engineering components and supplies for manufacturing our chillers. Pursuant to the Vertiv Agreement we have granted Vertiv the exclusive right to market and sell our DTx chillers for data center cooling applications outside the United States, and the non-exclusive right to market and sell our DTx chillers for such applications within the United States. We have also agreed to grant Vertiv the exclusive right to market and sell our DTx chillers for data center cooling applications in the United States if Vertiv achieves and maintains agreed sales levels of DTx chillers. The foregoing description of the Vertiv Agreement is not complete and is qualified in its entirety by reference to the full text thereof, a copy of which was filed as Exhibit 99.01 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 28, 2025.

Assumption of Aegis Energy Services Maintenance Agreements

On March 15, 2023, we entered into an agreement ("Assumption Agreement") with Aegis Energy Services, LLC ("Aegis"), pursuant to which Aegis agreed to assign to us and we agreed to assume certain Aegis maintenance agreements, we agreed to purchase certain assets from Aegis, and related matters ("Acquisition"). On April 1, 2023, the Acquisition closed. Under the Assumption Agreement, we agreed to acquire from Aegis and assume Aegis' rights and obligations arising on or after April 1, 2023, under maintenance agreements pursuant to which Aegis provided maintenance services to third parties for approximately 200 cogeneration systems and we agreed to acquire from Aegis certain vehicles and inventory used by Aegis in connection with the performance of its maintenance services. At closing, we acquired eight (8) Aegis vehicles for consideration consisting of $170,000 in cash. Also, we issued credits against outstanding accounts receivable due from Aegis in the amount of $300,000 for the acquisition of inventory that Aegis used to provide maintenance services. At closing, we hired eight (8) Aegis employees who, following the closing, have agreed to continue to provide maintenance services relating to the cogeneration systems covered by the maintenance agreements assumed pursuant to the Assumption Agreement. Following the closing and for a period of up to seven (7) years, we agreed to pay Aegis a percentage of the revenue collected for maintenance services provided pursuant to the maintenance agreements acquired from Aegis. Further, prior to December 31, 2023, we had the right to acquire and assume additional Aegis' maintenance agreements for cogeneration systems on substantially similar terms and conditions. The Assumption Agreement contained certain indemnification provisions and agreements on the part of Aegis and for each party to cooperate with each other and provide certain transitional assistance. We acquired the Aegis maintenance agreements to expand our Service portfolio and to benefit from the long-term contract revenue stream generated by these agreements.

On February 1, 2024, Tecogen and Aegis amended the Assumption Agreement to add eighteen (18) additional maintenance contracts assumed by us ("February 2024 Amendment") which includes an undertaking by Aegis to use commercially reasonable efforts to support and assist our execution of maintenance service agreements for an additional thirty-six (36) cogeneration units sold to customers by Aegis.

On May 1, 2024, Tecogen and Aegis amended the Assumption Agreement to add thirty-one (31) additional maintenance contracts assumed by us ("May 2024 Amendment") which includes an undertaking by Aegis to use commercially reasonable efforts to support and assist our execution of maintenance service agreements for an additional forty-eight (48) cogeneration units sold to customers by Aegis.

See "Note 7. Aegis Contract and Related Asset Acquisitions" of the Notes to the Condensed Consolidated Financial Statements.

Facilities Relocation

In April, 2024, we moved our manufacturing operations and corporate offices from 45 First Avenue, Waltham, Massachusetts to 76 Treble Cove Road, Building 1, North Billerica, Massachusetts. As a result of the relocation, product revenues were negatively impacted during 2024. The factory relocation also necessitated construction activities to install equipment test cells and comply with local regulations. We resumed manufacturing operations during the latter-half of the third quarter of 2024.

Impact of Anti-fossil Fuel Sentiment

In some key markets such as New York City, the regulatory push to eliminate fossil fuels from buildings has impacted cogeneration unit sales. We believe that as regulations take into account scope 2 emissions and products like our hybrid chiller that can choose the cleanest fuel source will have a significant advantage in decarbonization efforts. The political environment following the 2024 elections in the United States may have a material impact on anti-fossil fuel sentiment and the regulatory environment that may be favorable to our business. We have also diversified our sales activities to reduce our reliance on markets like New York City.

Impact of Utility Power Constraints, Data Center Construction

As more load is added to the utility grid in the form of data centers, EV charging, and other demands for power, customers are facing power constraints. Tecogen believes that these power constrained customers, in particular data centers and industrial facilities, represent a significant opportunity for growth. The customer need is driven by the ability to expand an existing facility or open a new facility quickly while taking advantage of utility expense savings long term. Our chiller products can reduce the electrical capacity needed on-site by 30% or more. Our InVerde product can provide on-site power generation which allows customers to eliminate long lead times associated with electrical switch gear and bridge shortfalls in power from the utility.

Residual Impacts of Covid-19 Pandemic

Supply chains were adversely impacted during Covid, resulting in significant delays or lack of availability of critical components such as engines. This has continued to have long term impact on product and service margins. The direct impact has been certain costs increasing faster than inflation. The indirect impact is from increased engine related costs in the service segment as replacements were deferred or overhauled components were used due to lack of parts. We have instituted annual service price increases in 2023 through 2025 and will continue to implement price increases to offset material price increases in excess of inflation and have also been making engineering improvements to increase service intervals and gross margins.

Tecochill Hybrid-Drive Air-Cooled Chiller Development

During the third quarter of 2021, we began development of the Tecochill Hybrid-Drive Air-Cooled Chiller. We recognized that there were many applications where the customer wanted an easy to install rooftop chiller. Using the inverter design from our InVerde e+ cogeneration module, the system can simultaneously take two inputs, one from the grid or a renewable energy source and one from our natural gas engine. This allows a customer to seek the optimum blend of operational cost savings and greenhouse gas benefits while providing added resiliency from two power sources. We introduced the Tecochill Hybrid-Drive Air-Cooled Chiller at the AHR Expo in February 2023 and received an order on February 8, 2024 for three hybrid-drive air-cooled chillers from a utility company in Florida. In March 2024, the US Patent and Trademark Office granted patent 11,936,327: "Hybrid Power System With Electric Generator and Auxiliary Power Source." Initial shipments of the hybrid-drive air-cooled chiller were delivered to customers in the second quarter of 2025.

Controlled Environment Agriculture

On July 20, 2022, we announced our intention to focus on opportunities for the use of our cogeneration equipment in low carbon Controlled Environment Agriculture ("CEA"). We believe that CEA offers an exciting opportunity to apply our expertise in clean cooling, power generation, and greenhouse gas reduction to address critical issues affecting food and energy security. Food crops grown in greenhouses typically have lower yields per square foot than in CEA facilities where yields are increased by supplementing or replacing natural light with grow lights in a climate-controlled environment, requiring significant energy use. In recent years, our cogeneration equipment has been used in numerous cannabis cultivation facilities because our systems reduce the facility's need for power, significantly reduce operating costs and the facility GHG footprint, and offer resiliency to grid outages. Our experience providing clean energy solutions to cannabis cultivation facilities has given us significant insight into requirements relating to energy-intensive indoor agriculture applications that we expect to be transferable to CEA facilities for food production.

Impact of Geopolitical Tensions

We have no operations or customers in Russia, the Ukraine, or in the Middle East. Energy prices for natural gas may be affected by the wars in Ukraine and the Middle East and may affect the performance of our Energy Production Segment and the cost differential between grid generated energy and natural gas sourced energy using our cogeneration equipment. We have seen higher electricity prices since much of the electricity production in the United States is generated from fossil fuels. If electricity prices rise, the economic savings generated by our products are likely to increase. In addition to the direct result of changes in natural gas and electricity prices, the war in Ukraine and the conflict in the Middle East may result in higher cybersecurity risks, increased or ongoing supply chain challenges, and volatility related to the trading prices of commodities.

Impact of Tariffs

The majority of our vendors are domestic. Although we have some exposure to Chinese and European suppliers, we do not anticipate increases in tariffs to materially affect our operations.

Related Party Notes

On October 9, 2023, we entered into note subscription agreements with each of John N. Hatsopoulos and Earl R. Lewis, III, each a director and shareholder of the Company, pursuant to which Mr. Hatsopoulos agreed to provide financing to us of up to $1,000,000, and Mr. Lewis agreed to provide financing to us of $500,000, and potentially, an additional $500,000 at his discretion. On October 10, 2023, we borrowed $500,000 from Mr. Hatsopoulos and issued him a one-year promissory note with interest accruing at 5.12% per annum. On July 23, 2024, we borrowed an additional $500,000 from Mr. Hatsopoulos, and issued a one-year promissory note with interest accruing at 5.06% per annum. On March 21, 2024, the terms of the promissory note, dated October 10, 2023, was extended by one-year, making the maturity date October 10, 2025. On September 18, 2024, we borrowed $500,000 from Mr. Lewis and issued him a one-year promissory note with interest accruing at 4.57% per annum.

On January 14, 2025, we agreed to permit Mr. Lewis to either receive repayment of his note in cash or, at his discretion, convert the balance of the promissory note into shares of our common stock. In the event of such a conversion, the number of shares we were required to issue is determined by dividing the balance due under the promissory note by the average closing price per share of our shares during the thirty-day period prior to the date of conversion.

On February 18, 2025, we amended the promissory notes with Mr. Hatsopoulos to extend the maturity dates for both promissory notes to July 31, 2026. We also agreed to permit Mr. Hatsopoulos to either receive repayment of his notes in cash, or at his discretion, convert the balance(s) due of one or both of the promissory notes into shares of our common stock. In the event of such a conversion, the number of shares we were required to issue is determined by dividing the balance(s) due under the promissory note(s) by the average closing price per share of our shares during the thirty-day period prior to the date of conversion. Both of the promissory notes with Mr. Hatsopoulos were reclassed to long-term liabilities due to the February 18, 2025 amendment.

The loans are required to be repaid in the event of a change of control of the Company and upon the occurrence of an event of default under the note, including upon a failure to pay the principal and interest when due, or the commencement of voluntary or involuntary bankruptcy or insolvency proceeding.

The loans and terms of the loan agreements were unanimously approved by our Board of Directors.

The loans bear interest on the outstanding principal at the Internal Revenue Service's Applicable Federal Rate to be determined at the time we issue a promissory note in connection with a loan draw-down. The notes may be prepaid by us at any time. The principal amount of each loan and accrued interest is subject to mandatory prepayment in the event of a change of control of the registrant. The promissory notes are subject to customary events of default and are transferable provided the conditions to transfer set forth in the promissory notes are satisfied by the noteholder. The proceeds of the loans have been used for general working capital purposes and to fund the initial improvements required at our North Billerica facility.

On May 1, 2025, Mr. Lewis elected to convert the promissory note we issued to him in connection with his loan to us in the principal amount of $500,000 together with $14,148 of accrued and unpaid interest into 240,256 shares of our common stock at a per share price of $2.14. The number of shares was determined by dividing the balance due under the promissory note by the average closing price per share of our shares during the thirty-day period prior to the date of conversion. At September 30, 2025 our obligation to Mr. Lewis under the promissory note was retired.

On September 3, 2025 and September 4, 2025, we paid $548,675 and $528,281, respectively, to Mr. Hatsopoulos in repayment of his loans to us in the aggregate principal amount of $1,000,000 together with $76,956 of accrued and unpaid interest. At September 30, 2025, our obligation to Mr. Hatsopoulos under the promissory notes were retired.

See "Note 11. Related Party Notes " of the Notes to Condensed Consolidated Financial Statements.

Overview

Tecogen designs, manufactures, markets, and maintains high efficiency, ultra-clean cogeneration products. These include natural gas engine driven combined heat and power (CHP) systems, chillers and heat pumps for multi-family residential, commercial, recreational and industrial use. We are known for products that provide customers with substantial energy savings, resiliency from utility power outages and for significantly reducing a customer's carbon footprint. Our products are sold with our patented Ultera® technology which nearly eliminates all criteria pollutants such as NOx and CO. Our systems are greater than 88% efficient compared to typical electrical grid efficiencies of 40% to 50%. As a result, our greenhouse gas (GHG) emissions per KwH are typically half that of the electrical grid. Our systems generate electricity and hot water or in the case of our Tecochill product, both chilled water and hot water. These result in savings of energy related costs of up to 60% for our customers. Our products are expected to run on Renewable Natural Gas (RNG) as it is introduced into the US gas pipeline infrastructure.

Our products are sold directly to end-users by our in-house sales team and by established sales agents and representatives. We have agreements in place with distributors and sales representatives. Our existing customers include hospitals and nursing homes, colleges and universities, health clubs and spas, hotels and motels, office and retail buildings, food and beverage processors, multi-unit residential buildings, laundries, ice rinks, swimming pools, factories, municipal buildings, military installations and indoor growing facilities. To date we have shipped over 3,200 units, some of which have been operating for almost 35 years.

With the acquisition of American DG Energy Inc. ("ADGE") in May 2017, we added an additional source of revenue. Through ADGE, we install, own, operate and maintain complete distributed generation electricity systems, or DG systems or energy systems, and other complementary systems at customer sites, and sell electricity, hot water, heat and cooling energy under long-term contracts at prices guaranteed to the customer to be below conventional utility rates. Each month we obtain readings from our energy meters to determine the amount of energy produced for each customer. We use a contractually defined formula to multiply these readings by the appropriate published price of energy (electricity, natural gas or oil) from each customer's local energy utility to derive the value of our monthly energy sale, which includes a negotiated discount. Our revenues per customer on a monthly basis vary based on the amount of energy produced by our energy systems and the published price of energy (electricity, natural gas or oil) from our customer's local energy utility that month.

Our operations are comprised of three business segments. Our Products segment designs, manufactures and sells industrial and commercial cogeneration systems. Our Services segment provides operations and maintenance services ("O&M") for our products under long term service contracts. Our Energy Production segment sells energy in the form of electricity, heat, hot water and cooling to our customers under long-term sales agreements.

Results of Operations

Third Quarter Ended September 30, 2025 Compared to the Third Quarter Ended September 30, 2024

The following table sets forth for the periods indicated, the percentage of net sales represented by certain items reflected in our condensed consolidated statements of operations:

	Three Months Ended	
	September 30, 2025	September 30, 2024
Revenues	100.0 %	100.0 %
Cost of sales	69.6 %	55.9 %
Gross profit	30.4 %	44.1 %
Operating expenses		
General and administrative	47.6 %	47.6 %
Selling	7.2 %	7.9 %
Research and development	4.1 %	4.2 %
(Gain) loss on disposition of assets	— %	(0.1)%
Total operating expenses	58.9 %	59.6 %
Loss from operations	(28.5)%	(15.5)%
Total other income (expense), net	(0.2)%	(0.4)%
Loss before provision for state income taxes	(28.7)%	(15.9)%
Provision for state income taxes	— %	— %
Consolidated net loss	(28.7)%	(15.9)%
(Income) loss attributable to the noncontrolling interest	(0.2)%	(0.6)%
Net loss attributable to Tecogen Inc.	(28.9)%	(16.5)%

Revenues

The following table presents revenue for the periods indicated, by segment and the change from the prior year:

	Three Months Ended			
	September 30, 2025	September 30, 2024	Increase (Decrease) $	Increase (Decrease) %
Revenues:				
Products				
Cogeneration	515,067	$ 1,294,453	$ (779,386)	(60.2)%
Chiller	2,234,728	37,979	2,196,749	5,784.1 %
Engineered accessories	234,000	58,584	175,416	299.4 %
Total product revenues	2,983,795	1,391,016	1,592,779	114.5 %
Services	3,943,510	3,850,551	92,959	2.4 %
Energy production	255,816	388,563	(132,747)	(34.2)%
Total revenues	$ 7,183,121	$ 5,630,130	$ 1,552,991	27.6 %

Total revenues for the three months ended September 30, 2025 were $7,183,121 compared to $5,630,130 for the same period in 2024, an increase of $1,552,991 or 27.6% year over year.

Products

Products revenues in the three months ended September 30, 2025, were $2,983,795 compared to $1,391,016 for the same period in 2024, an increase of $1,592,779, or 114.5%. The increase in revenue during the three months ended September 30, 2025 is due to an increase in chiller sales of $2,196,749, which included deliveries of our hybrid-drive air-cooled chiller, an increase in engineered accessory sales of $175,416, partially offset by a $779,386 decrease in cogeneration sales. Products revenue in the three months ended September 30, 2024, were negatively impacted by the relocation of our manufacturing operations in April 2024, which significantly reduced our production capacity during that period. Our Products sales mix, as well as product revenue, can vary significantly from period to period as our products are high dollar, low volume sales.

Services

Service revenues in the three months ended September 30, 2025 were $3,943,510, compared to $3,850,551 for the same period in 2024, an increase of $92,959, or 2.4%. The increase in revenue during the three months ended September 30, 2025 is due to a $163,180 increase in revenues from existing service contracts, offset partially by a $70,221 decrease in revenues from the acquired Aegis maintenance contracts.

Our service operation revenues grow with the sale of installed systems, since the majority of our product sales are accompanied by a service contract or time and materials agreements. As a result, our "fleet" of units being serviced by our service department grows with product sales.

Energy Production

Energy Production revenues in the three months ended September 30, 2025 were $255,816, compared to $388,563 for the same period in 2024, a decrease of $132,747, or 34.2%. The decrease in Energy Production revenue is due to the expiration of several energy production contracts in late 2024 and the temporary shutdown of a few energy production sites for repairs in the three months ended September 30, 2025.

Cost of Sales

Cost of sales in the three months ended September 30, 2025, was $4,999,555 compared to $3,149,216 for the same period in 2024, an increase of $1,850,339, or 58.8%. The increase in cost of sales is due to increased product shipments and increased service contract maintenance costs due to higher labor and material costs. During the three months ended September 30, 2025, our gross margin decreased to 30.4% compared to 44.1% for the same period in 2024, a 13.7% percentage point decrease due to increased labor and material costs incurred in both Products and Services.

Products

Cost of sales for Products in the three months ended September 30, 2025, was $1,885,377 compared to $797,209 for the same period in 2024, an increase of $1,088,168, or 136.5% due to increased sales of Products and higher material and labor costs. Products revenue and cost of sales in the three months ended September 30, 2024, were impacted due to the relocation of our manufacturing operations in April 2024, which significantly reduced our production capacity. During the three months ended September 30, 2025, our Products gross margin was 36.8% compared to 42.7% for the same period in 2024, a 5.9% percentage point decrease. The decrease in margin is due to increased labor and material costs in 2025.

Services

Cost of sales for Services in the three months ended September 30, 2025, was $2,946,438 compared to $2,139,042 for the same period in 2024, an increase of $807,396, or 37.7%, due to increased labor and material costs. During the three months ended September 30, 2025, our Services gross margin decreased to 25.3% compared to 44.4% in the same period in 2024, a 19.1% percentage point decrease. The decrease in gross margin percent is due to increased labor and material costs incurred in 2025 to replace engines as we test improvements in our technology to improve engine life and service margins.

Energy Production

Cost of sales for Energy Production in the three months ended September 30, 2025, was $167,740 compared to $212,965 for the same period in 2024, a decrease of $45,225, or 21.2%. During the three months ended September 30, 2025, our Energy Production gross margin decreased to 34.4% compared to 45.2% for the same period in 2024, a 10.8% percentage point decrease. The decrease in the energy production gross margin is due to increased repair costs incurred to restart energy production sites which were shut down for repairs in the three months ended September 30, 2025, compared to the same period in 2024.

Operating Expenses

Operating expenses increased $930,133, or 27.7% to $4,284,270 in the three months ended September 30, 2025 compared to $3,354,137 in the same period in 2024.

Operating Expenses	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Increase (Decrease) $	Increase (Decrease) %
General and administrative	3,411,762	2,681,558	$ 730,204	27.2 %
Selling	572,869	442,812	130,057	29.4 %
Research and development	297,926	233,809	64,117	27.4 %
(Gain) loss on disposition of assets	1,713	(4,042)	5,755	(142.4)%
Total	$ 4,284,270	$ 3,354,137	$ 930,133	27.7 %

General and administrative expenses consist of executive staff, accounting and legal expenses, office space, general insurance and other administrative expenses. General and administrative expenses for the three months ended September 30, 2025 were $3,411,762 compared to $2,681,558 for the same period in 2024, an increase of $730,204 or 27.2%, due to a $239,088 increase in payroll, benefits and recruitment costs, a $97,882 increase in travel and vehicles expense, a $89,287 increase in insurance premiums, a $79,648 increase in operating supplies, a $75,161 increase in depreciation and amortization, a $65,581 increase in stock-based compensation expense, a $22,566 increase in franchise taxes, and a $20,229 increase in professional fees.

Selling expenses consist of sales staff, commissions, marketing, travel and other selling related expenses. Selling expenses for the three months ended September 30, 2025, were $572,869 compared to $442,812 for the same period in 2024, an increase of $130,057 or 29.4% due to a $69,024 increase in sales commission and a $36,699 increase in marketing and trade show costs.

Research and development expenses consist of engineering and technical staff, materials, outside consulting and other related expenses. Research and development expenses for the three months ended September 30, 2025, were $297,926 compared to $233,809 for the same period in 2024, an increase of $64,117, or 27.4%, due to a $37,468 increase in payroll and related benefit costs, a $20,630 increase in product certification costs, and a $9,015 increase in stock-based compensation.

The loss on asset dispositions for the three months ended September 30, 2025, was $1,713 compared to a gain on asset dispositions of $4,042 for the nine months ended September 30, 2024.

Income (loss) from Operations

Our loss from operations for the three months ended September 30, 2025, was $2,100,704 compared to a loss from operations of $873,223 for the same period in 2024, an increase of $1,227,481, or 140.6%. The increase in our loss from operations is due to lower Services segment gross profit due to increased labor and material cost and a $930,133 increase in operating expenses. The decrease in gross margin is due to increased labor and material costs incurred in 2025 to replace engines as we test improvements in our technology to improve engine life and service margins.

Other Income (Expense), net

Other expense, net for the three months ended September 30, 2025, was $15,434 compared to other expense net of $22,707 for the same period in 2024, an increase of $7,273 in other expense, due to a $18,110 increase in interest expense due to borrowings under our related party notes and lease financing and an increase of $74,995 in unrealized losses on marketable securities, offset partially by an $92,592 increase in interest income resulting from increased cash on deposit and a $7,786 increase in currency exchange gains in the three months ended September 30, 2025.

Provision for State Income Taxes

The provision for state income taxes for the three months ended September 30, 2025 was $2,928 and represents estimated income tax payments, net of refunds, to various states. There was no provision for state income taxes for the three months ended September 30, 2024.

Non-controlling Interest

The income attributable to the non-controlling interest was $11,881 for the three months ended September 30, 2025, which represents the non-controlling interest portion of American DG Energy's 51% owned subsidiary, American DG New York, LLC. For the same period in 2024, income attributable to the non-controlling interest was $34,478. The decrease in income attributable to the non-controlling interest in the three months ended September 30, 2025, is due to the expiration of an Energy Production contract at one of the Energy Production sites and the temporary shutdown of a site for repairs.

Net Income (loss) Attributable to Tecogen Inc.

The net loss attributable to Tecogen for the three months ended September 30, 2025, was a net loss of $2,130,947 compared to a net loss of $930,408 for the same period in 2024, an increase of $1,200,539, or 129.0%. The increase in the net loss is due to lower Services segment gross profit, due to increased labor and material costs and a $930,133 increase in operating expenses. The decrease in gross margin is due to increased labor and material costs incurred in 2025 to replace engines as we test improvements in our technology to improve engine life and service margins.

Nine Months Ended September 30, 2025 Compared to the Nine Months Ended September 30, 2024

The following table sets forth for the periods indicated, the percentage of net sales represented by certain items reflected in our condensed consolidated statements of operations:

	Nine Months Ended	
	September 30, 2025	September 30, 2024
Revenues	100.0%	100.0%
Cost of sales	63.8%	56.9%
Gross profit	36.2%	43.1%
Operating expenses		
General and administrative	43.4%	50.9%
Selling	7.7%	8.3%
Research and development	3.9%	4.4%
(Gain) loss on disposition of assets	—%	—%
Total operating expenses	55.0%	63.7%
Loss from operations	(18.8)%	(20.5)%
Total other income (expense), net	(0.6)%	(0.5)%
Loss before provision for state income taxes	(19.4)%	(21.0)%
Provision for state income taxes	0.1 %	0.1 %
Consolidated net loss	(19.5)%	(21.1)%
(Income) loss attributable to the noncontrolling interest	— %	(0.5)%
Net loss attributable to Tecogen, Inc.	(19.5)%	(21.6)%

Revenues

The following table presents revenue for the periods indicated, by segment and the change from the prior year:

	Nine Months Ended			
	September 30, 2025	September 30, 2024	Increase (Decrease) $	Increase (Decrease) %
Revenues:				
Products				
Cogeneration	$ 2,662,271	$ 2,188,355	$ 473,916	21.7 %
Chiller	5,624,818	695,040	4,929,778	709.3 %
Engineered accessories	385,838	118,692	267,146	225.1 %
Total product revenues	8,672,927	3,002,087	5,670,840	188.9 %
Services	12,153,700	11,991,378	162,322	1.4 %
Energy production	929,085	1,550,549	(621,464)	(40.1)%
Total revenues	$ 21,755,712	$ 16,544,014	$ 5,211,698	31.5 %

Total revenues for the nine months ended September 30, 2025 were $21,755,712 compared to $16,544,014 for the same period in 2024, an increase of $5,211,698 or 31.5% year over year.

Products

Products revenues in the nine months ended September 30, 2025, were $8,672,927 compared to $3,002,087 for the same period in 2024, an increase of $5,670,840, or 188.9%. The increase in revenue during the nine months ended September 30, 2025 is due to an increase in chiller sales of $4,929,778, which included the initial deliveries of our hybrid-drive air-cooled chiller, an increase in cogeneration sales of $473,916, and an increase in engineered accessory sales of $267,146. Products revenue in the nine months ended September 30, 2024, were negatively impacted due to the relocation of our manufacturing operations in April 2024, which significantly reduced our production capacity during that period. Our Products sales mix, as well as product revenue, can vary significantly from period to period as our products are high dollar, low volume sales.

Services

Service revenues in the nine months ended September 30, 2025, were $12,153,700, compared to $11,991,378 for the same period in 2024, an increase of $162,322, or 1.4%. The increase in revenue during the nine months ended September 30, 2025, is due to a $451,063 increase in revenues from existing service contracts, offset by a $288,741 reduction in revenue from the acquired Aegis maintenance contracts.

Our service operation revenues grow with the sale of installed systems, since the majority of our product sales are accompanied by a service contract or time and materials agreements. As a result, our “fleet” of units being serviced by our service department grows with product sales.

Energy Production

Energy Production revenues in the nine months ended September 30, 2025, were $929,085, compared to $1,550,549 for the same period in 2024, a decrease of $621,464, or 40.1%. The decrease in Energy Production revenue is due to the expiration of several energy production contracts in late 2024 and the temporary shutdown of a few energy production sites for repairs in the nine months ended September 30, 2025.

Cost of Sales

Cost of sales in the nine months ended September 30, 2025, was $13,888,613 compared to $9,408,288 for the same period in 2024, an increase of $4,480,325, or 47.6%. The increase in cost of sales is due to increased product shipments and increased service contract maintenance costs due to higher labor and material costs. During the nine months ended September 30, 2025, our gross margin decreased to 36.2% compared to 43.1% for the same period in 2024, a 6.9% percentage point decrease due to higher Services labor and material costs.

Products

Cost of sales for Products in the nine months ended September 30, 2025, was $5,605,282 compared to $2,018,734 for the same period in 2024, an increase of $3,586,548, or 177.7% due to increased sales of Products and higher labor and material costs. During the nine months ended September 30, 2025, our Products gross margin was 35.4% compared to 32.8% for the same period in 2024, a 2.6% percentage point increase. The increase in margin is due to increased revenues in 2025.

Services

Cost of sales for Services in the nine months ended September 30, 2025 was $7,675,073 compared to $6,423,114 for the same period in 2024, an increase of $1,251,959, or 19.5%, due to increased labor and material costs. During the nine months ended September 30, 2025, our Services gross margin decreased to 36.8% compared to 46.4% in the same period in 2024, a 9.6% percentage point decrease. The decrease in gross margin percent is due to increased labor and material costs incurred in 2025 to replace engines as we test improvements in our technology to improve engine life and service margins.

Energy Production

Cost of sales for Energy Production in the nine months ended September 30, 2025, was $608,258 compared to $966,440 for the same period in 2024, a decrease of $358,182, or 37.1%. During the nine months ended September 30, 2025, our Energy Production gross margin decreased to 34.5% compared to 37.7% for the same period in 2024, a 3.2% percentage point decrease. The decrease in the energy production gross margin is due to lower revenue and increased repair costs incurred to restart energy production sites which were shut down for repairs in the nine months ended September 30, 2025, compared to the same period in 2024.

Operating Expenses

Operating expenses increased $1,441,108, or 13.7%, to $11,973,909 in the nine months ended September 30, 2025, compared to $10,532,801 in the same period in 2024.

Operating Expenses	Nine Months Ended September 30, 2025	September 30, 2024	Increase (Decrease) $	Increase (Decrease) %
General and administrative	$ 9,431,073	$ 8,428,119	$ 1,002,954	11.9 %
Selling	1,682,085	1,377,758	304,327	22.1 %
Research and development	859,318	734,994	124,324	16.9 %
(Gain) loss on disposition of assets	1,433	$ (8,070)	9,503	(117.8)%
Total	$ 11,973,909	$ 10,532,801	$ 1,441,108	13.7 %

General and administrative expenses consist of executive staff, accounting and legal expenses, office space, general insurance and other administrative expenses. General and administrative expenses for the nine months ended September 30, 2025, were $9,431,073 compared to $8,428,119 for the same period in 2024, an increase of $1,002,954 or 11.9%, due to a $454,413 increase in payroll and related benefits, a $227,264 increase in recruitment costs, a $181,902 increase in depreciation and amortization, a $198,652 increase in travel and vehicle expense, a $150,305 increase in operating supply costs, a $60,058 increase in stock-based compensation expense, and, a $59,965 increase in insurance premiums, offset partially by a $190,636 decrease in facility costs, due to the transition to our new facility in 2024, a $80,700 reduction in credit losses, due to the recovery of $75,000 recognized in 2025, relocation costs of $83,055 incurred in 2024 and a $38,459 reduction in professional fees.

Selling expenses consist of sales staff, commissions, marketing, travel and other selling related expenses. Selling expenses for the nine months ended September 30, 2025, were $1,682,085 compared to $1,377,758 for the same period in 2024, an increase of $304,327 or 22.1%, due to a $304,334 increase in sales commission.

Research and development expenses consist of engineering and technical staff, materials, outside consulting and other related expenses. Research and development expenses for the nine months ended September 30, 2025, were $859,318 compared to $734,994 for the same period in 2024, an increase of $124,324 or 16.9%, due to a $113,039 increase in payroll and related benefit costs and a $20,525 increase in consulting costs.

The loss on asset dispositions for the nine months ended September 30, 2025 was $1,433 compared to gain on asset dispositions of $8,070 for the nine months ended September 30, 2024.

Income (loss) from Operations

Our loss from operations for the nine months ended September 30, 2025, was $4,106,810 compared to a loss from operations of $3,397,075 for the same period in 2024, an increase of $709,735, or 20.9%. The increase in our loss from operations is due to lower Services segment gross profit, due to increased labor and material costs and a $1,441,108 increase in operating expenses. The decrease in gross margin percent is due to increased labor and material costs incurred in 2025 to replace engines as we test improvements in our technology to improve engine life and service margins.

Other Income (Expense), net

Other expense, net for the nine months ended September 30, 2025, was $125,285 compared to other expense net of $74,847 for the same period in 2024, an increase of $50,438, due to a $52,050 increase in interest due to borrowings under our related party notes and lease financing, a $74,995 increase in unrealized losses on marketable securities, and, a $12,711 increase in currency exchange losses, offset partially by a $89,319 increase in interest income resulting from increased cash on deposit in the nine months ended September 30, 2025.

Provision for State Income Taxes

The provision for state income taxes for the nine months ended September 30, 2025 and 2024 was $20,615 and $22,100, respectively, and represents estimated income tax payments, net of refunds, to various states.

Non-controlling Interest

The income attributable to the non-controlling interest was $2,264 for the nine months ended September 30, 2025, which represents the non-controlling interest portion of American DG Energy's 51% owned subsidiary, American DG New York, LLC. For the same period in 2024, income attributable to the non-controlling interest was $80,149. The decrease in the income attributable to the non-controlling interest in the nine months ended September 30, 2025, is due to the expiration of a contract at one of the Energy Production sites and the temporary shutdown of a site for repairs.

Net Income (loss) Attributable to Tecogen Inc.

The net loss attributable to Tecogen Inc., for the nine months ended September 30, 2025, was a net loss of $4,254,974 compared to a net loss of $3,574,171 for the same period in 2024, an increase of $680,803, or 19.0%. The increase in the net loss is due to lower Services segment gross profit, due to increased labor and material costs and a $1,441,108 increase in operating expenses. The decrease in gross margin percent is due to increased labor and material costs incurred in 2025 to replace engines as we test improvements in our technology to improve engine life and service margins.

Liquidity and Capital Resources

Sources of Liquidity

During the nine months ended September 30, 2025, we incurred a loss from operations of $4,106,810 compared to a net loss from operations of $3,397,075 in the same period in 2024. Cash flows from operations decreased $7,219,424 during the nine months ended September 30, 2025, compared to the same period in 2024. As of September 30, 2025, we had cash and cash equivalents of $15,253,975 compared to cash and cash equivalents of $5,405,233 as of December 31, 2024, an increase of $9,848,742 or 182.2%, and an accumulated deficit as of September 30, 2025, of $51,894,868.

Recent Equity Financing

On July 21, 2025, we closed on the sale of an aggregate of 3,985,000 shares of common stock, $0.001 par value per share ("Common Stock"), including an additional 485,000 shares of common stock to cover over-allotments, at a price to the public of $5.00 per share (before deduction of underwriting discounts and commissions), in a firm commitment underwritten public offering pursuant to an underwriting agreement, dated July 18, 2025 ("Underwriting Agreement"), between the Company and Roth Capital Partners, LLC ("Roth"), as sole underwriter and manager for the offering ("Offering"). The net proceeds from the Offering, after deducting underwriting discounts and commissions and offering expenses were approximately $18,105,100. See "Note 1. Description of Business and Basis of Presentation " of the Notes to Condensed Consolidated Statements for additional detail on the net Offering proceeds.

Cash Flows

The following table presents a summary of our net cash flows from operating, investing and financing activities:

	Nine Months Ended		
Cash Provided by (Used in)	September 30, 2025	September 30, 2024	Increase (Decrease)
Operating activities	$ (7,336,419)	$ (116,995)	$ (7,219,424)
Investing activities	(394,972)	(895,652)	500,680
Financing activities	17,580,133	943,615	16,636,518
Change in cash and cash equivalents	$ 9,848,742	$ (69,032)	$ 9,917,774

Consolidated working capital at September 30, 2025, was $20,257,614 compared to $5,329,650 at December 31, 2024, an increase of $14,927,964, or 280.1%. Included in working capital were cash and cash equivalents of $15,253,975 at September 30, 2025, compared to $5,405,233 at December 31, 2024, an increase of $9,848,742, or 182.2%.

Cash Flows from Operating Activities

Cash used by operating activities for the nine months ended September 30, 2025, was $7,336,419 compared to cash of $116,995 used by operating activities for the same period in 2024, an increase of $7,219,424 in cash used in the current period. Our accounts receivable and unbilled revenue balances were $6,220,441 and $126,738, respectively, at September 30, 2025, compared to $6,026,545 and $398,898 at December 31, 2024, using $129,147 of cash.

Accounts payable decreased to $3,417,293 as of September 30, 2025, from $4,142,678 at December 31, 2024, using $725,386 in cash flow from operations. The decrease in accounts payable is due to payment of vendors balances which had aged. Deferred revenue decreased to $4,882,806 as of September 30, 2025, compared to $7,867,082 as of December 31, 2024, due to the application of customer deposits against accounts receivables as products ship, using $2,984,276 of cash from operations. We expect accounts payable and deferred revenue to fluctuate with routine changes in operations.

Cash Flows from Investing Activities

During the nine months ended September 30, 2025, we used $353,296 of cash to purchase property, plant and equipment, primarily for improvements required at the North Billerica facility, and distributed $42,956 to the 49% non-controlling interest holder of American DG New York LLC. During the nine months ended September 30, 2024, we used $838,932 of cash for improvements required to the North Billerica facility, distributed $96,975 to the 49% non-controlling interest holders and received $40,255 in proceeds from the disposition of assets, including insurance proceeds.

Cash Flows from Financing Activities

During the nine months ended September 30, 2025, we received $18,105,100 in net proceeds from the follow on public offering and received $658,403 of proceeds from the exercise of stock options, we used $1,076,956 to retire a related party note and we used $106,414 of cash in payment of finance lease principal. During the nine months ended September 30, 2024, we received proceeds of $1,000,000 under the related party promissory notes and used $56,385 of cash in payment of finance lease principal.

Backlog

As of September 30, 2025, our backlog of product and installation projects, excluding service contracts, was $4,024,779, consisting of $3,002,768 of purchase orders received by us. As of September 30, 2024, our backlog of product and installation projects, excluding service contracts, was $5,023,267 consisting of $3,759,305 of purchase orders received by us and $1,263,962 of projects in which the customer's internal approval process is complete, financial resources have been allocated, and the customer has made a firm verbal commitment that the order is in the process of execution. Backlog at the beginning of any period is not necessarily indicative of future performance. Our presentation of backlog may differ from other companies in our industry.

Liquidity

At September 30, 2025, we had cash and cash equivalents of $15,253,975, an increase of $9,848,742 or 182.2% from the cash and cash equivalents balance at December 31, 2024 due to the follow-on public offering. See *"Recent Equity Financing,"* above.

Significant Accounting Policies and Critical Estimates

Our significant accounting policies are discussed in the Notes to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2024. The accounting policies and estimates that can have a significant impact upon our operating results, financial position and footnote disclosures are described in the above notes and in the Annual Report.

Significant New Accounting Standards or Updates Not Yet Effective

The Company's critical accounting policies have remained consistent with the policies disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 18, 2025.

See Note 1, *Description of Business and Basis of Presentation*, to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Seasonality

The majority of our chilling systems sold are operational during the summer. Demand for our service team is higher in the warmer months when cooling is required. Chiller units are generally shut down in the winter and started up again in the spring. The chiller "busy season' for the service team generally runs from May through the end of September. Our cogeneration sales are not generally affected by seasonality.

Off-Balance Sheet Arrangements

Currently, we do not have any material off-balance sheet arrangements, including any outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures:

As of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer ("Certifying Officers") conducted evaluations of our disclosure controls and procedures. As defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Securities Exchange Act"), the term "disclosure controls and procedures" means controls and procedures of an issuer that are designed to ensure the information required to be disclosed by the issuer in the reports that it files or submits under Section 13(a) or 15(d) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under Section 13(a) or 15(d) of the Securities Exchange Act is accumulated and communicated to the issuer's management, including the Certifying Officers, to allow timely decisions regarding required disclosure.

Our disclosure controls and procedures are designed to provide reasonable assurance that the control system's objectives will be met. Our management, including our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, have concluded that our disclosure controls and procedures were not effective due to a material weakness with respect to a small number of individuals dealing with general controls over information technology. Management will continue to evaluate the above weaknesses and we are taking steps to remediate the weaknesses as resources become available.

Remediation

We are committed to remediating the material weakness identified in internal controls over financial reporting and have begun the process to remediate this material weakness. Our efforts will focus on instituting mitigating controls to address segregation of duties; hiring of additional staff; implementing additional controls to address system access deficiencies; implementing additional controls over business operations; establishing independent review and verification procedures for our vendor and customer master files; enhancing the documentation to support review occurrences and approval procedures; and, commencing regular periodic reviews of our internal controls over financial reporting with our Board of Directors and Audit Committee to address the inadequate risk oversight function and institute procedures to evaluate and report on risks to financial reporting, including the documentation and completion of a comprehensive risk assessment to identify all potential risk areas and evaluate the adequacy of our controls to mitigate these risks.

Changes in Internal Control over Financial Reporting:

There were no changes in our internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Except as described below, we and our subsidiaries and our properties are not parties to any material pending legal proceedings, other than ordinary routine litigation incidental to our business.

On November 23, 2022, we were served with a suit filed against us on August 24, 2022 in the Ontario Superior Court of Justice by The Corporation of the Town of Milton, Milton Energy Generation Solutions Inc. and Milton Hydro Distribution Inc. (the "Plaintiffs"), all of whom are municipal corporations incorporated in the Province of Ontario. The plaintiffs sued for damages in the amount of CDN $1,000,000, prejudgment and post-judgment interest, and legal fees, alleging breach of contract, breach of warranty, negligent misrepresentations and nuisance. Plaintiffs allege that on or about July 10, 2022, a Tecogen cogeneration unit installed by us at the plaintiffs facility caught fire, causing damage to the cogeneration unit and the plaintiff's facility. We filed a response denying liability and are represented by Canadian counsel. For the year ended December 31, 2022, we reserved $150,000 for anticipated damages which may not be covered by our insurance and maintained the reserve at December 31, 2024. On January 13, 2025, Tecogen and our insurers entered into a Settlement Agreement and Full and Final Release from any and all claims, obligations and liabilities, arising from the July 10, 2022 fire in the amount of CDN $400,000, of which we were responsible for CDN $100,000. On February 7, 2025, we remitted CDN $100,000, or $70,994, representing payment in full of our liability relating to this matter and recorded a benefit of $79,006 in our condensed consolidated statements of operations in the nine months ended September 30, 2025.

Item 1A. Risk Factors

In addition to the risks described below, you should carefully consider the factors discussed under "Item1A - Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended December 31, 2024 ("2024 Form 10-K") and in our Quarterly Report on Form 10-Q for the quarters ended March 31 and June 30, 2025 (“March 31 and June 30, 2025 Forms 10-Q”). The risks discussed in our 2024 Form 10-K and in our March 31 and June 30, 2025 Forms 10-Q could materially affect our business, financial condition and future results. The risks described in our 2024 Form 10-K and in our March 31, 2025 and June 30, 2025 Forms 10-Q and the risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or operating results.

Risks Relating to our Business and Financial Condition

We incurred a loss from operations of $4,106,810 ***during the nine months ended September 30, 2025, compared to a loss from operations of*** $3,397,075 ***in the same period in 2024. We have a history of incurring losses from our operations and there can be no assurance we will be able to increase our revenues, manage our expenses and cash flows, and become profitable in the future.***

We incurred a loss from operations of $4,106,810 during the nine months ended September 30, 2025, compared to a loss from operations of $3,397,075 in the nine months ended September 30, 2024. Historically, we have incurred losses from operations, including a loss of $4,760,238 in the year ended December 31, 2024, and, as of September 30, 2025, we had an accumulated deficit of $51,894,868. Our business is capital intensive and, because our products are built to order with customized configurations, the lead time to build and deliver a unit can be significant. We may be required to purchase key components long before we can deliver a unit and receive payment. Changes in customer orders or lack of demand may also impact our profitability. There can be no assurance we will be able to increase our sales and achieve and sustain profitability in the future.

Risks Related to Ownership of Our Securities

As of the end of the period covered by our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, our principal executive officer and our principal financial officer concluded there is a material weakness in our disclosure controls and procedures and our internal control over financial reporting. If we are unable to remediate these material weaknesses, if management identifies additional material weaknesses in the future, or if we otherwise fail to maintain effective internal controls over financial reporting, we may not be able to accurately or timely report our financial position or results of operations, which may adversely affect our business and stock price or cause our access to the capital markets to be impaired.

Our disclosure controls and procedures are designed to provide reasonable assurance that the control system’s objectives will be met. Our management, including our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures, has concluded that our disclosure controls and procedures were not effective as of September 30, 2025, due to a material weakness with respect to a small number of individuals dealing with general controls over information technology.

We are committed to remediating the material weakness identified in internal controls over financial reporting and have begun the process to remediate this material weakness. Our efforts will focus on instituting mitigating controls to address segregation of duties; hiring of additional staff; implementing additional controls to address system access deficiencies; implementing additional controls over business operations; establishing independent review and verification procedures for our vendor and customer master files; enhancing the documentation to support review occurrences and approval procedures; and, commencing regular periodic reviews of our internal controls over financial reporting with our Board of Directors and Audit Committee to address the inadequate risk oversight function and institute procedures to evaluate and report on risks to financial reporting, including the documentation and completion of a comprehensive risk assessment to identify all potential risk areas and evaluate the adequacy of our controls to mitigate these risks.

In addition, on March 11, 2025, we filed a Current Report on Form 8-K to report, among other things, certain changes in the level of compensation for Mr. Panora, our President and COO, and the resignation of Mr. Gehret, our Vice President of Operations. Although Mr. Gehret remained with us as an employee until February 28, 2025, and then as a consultant until his duties were transferred to Mr. Panora, we subsequently determined we did not report Mr. Gehret’s resignation timely in accordance with the requirements of Form 8-K.

Any failure to implement effective internal controls could harm our operating results or cause us to fail to meet our reporting obligations. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock and may require us to incur additional costs to improve our internal control system.

If we identify further deficiencies in our internal control over financial reporting in the future or if we are unable to comply with the demands that will be placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to sanctions or investigations by the SEC or other regulatory authorities. In addition, if we are unable to assert that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our financial reports, we may face restricted access to the capital markets, and our stock price may be adversely affected.

Our current controls and any new controls that we develop may also become inadequate because of changes in our business, and weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could cause us to fail to meet our reporting obligations, result in a restatement of our financial statements for prior periods, undermine investor confidence in us, and adversely affect the trading price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the nine months ended September 30, 2025, none of the Company’s directors or officers, as defined in Section 16 of the Securities Exchange Act, adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” as defined under Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith
** Furnished herewith
\+ Compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned.

TECOGEN INC.
(Registrant)

Dated: November 13, 2025

By: */s/ Abinand Rangesh*
Abinand Rangesh
Chief Executive Officer
(Principal Executive Officer)

Dated: November 13, 2025

By: */s/ Roger P. Deschenes*
Roger P. Deschenes
Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Abinand Rangesh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tecogen Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2025

/s/ Abinand Rangesh
Abinand Rangesh
Chief Executive Officer

EXHIBIT 31.2

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Roger Deschenes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tecogen Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 13, 2025

/s/ Roger Deschenes
Roger Deschenes
Chief Financial and Accounting Officer

EXHIBIT 32.1

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(b) and 15d-14(b),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Abinand Rangesh, Chief Executive Officer, of Tecogen Inc., or the Company, certify, pursuant to Section 1350, Chapter 63 of Title 18, United States Code that, to his knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78 m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2025

/s/ Abinand Rangesh
Abinand Rangesh
Chief Executive Officer

EXHIBIT 32.2

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(b) and 15d-14(b),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Roger Deschenes, Chief Financial and Accounting Officer, of Tecogen Inc., or the Company, certify, pursuant to Section 1350, Chapter 63 of Title 18, United States Code that, to his knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78 m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2025

/s/ Roger Deschenes
Roger Deschenes
Chief Financial and Accounting Officer