







OTCQX: TGEN
FY 2021 EARNINGS CALL
MARCH 10, 2022

MANAGEMENT

-  Benjamin Locke - CEO
-  Robert Panora – COO & President
-  Abinand Rangesh – CFO & Treasurer
-  Jack Whiting – General Counsel & Secretary



SAFE HARBOR STATEMENT








This presentation and accompanying documents contain “forward-looking statements” which may describe strategies, goals, outlooks or other non-historical matters, or projected revenues, Income, returns or other financial measures, that may include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," "target," "potential," "will," "should," "could," "likely," or "may" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements.

In addition to those factors described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q under “Risk Factors”, among the factors that could cause actual results to differ materially from past and projected future results are the following: fluctuations in demand for our products and services, competing technological developments, issues relating to research and development, the availability of incentives, rebates, and tax benefits relating to our products and services, changes in the regulatory environment relating to our products and services, integration of acquired business operations, and the ability to obtain financing on favorable terms to fund existing operations and anticipated growth.

In addition to GAAP financial measures, this presentation includes certain non-GAAP financial measures, including adjusted EBITDA which excludes certain expenses as described in the presentation. We use Adjusted EBITDA as an internal measure of business operating performance and believe that the presentation of non-GAAP financial measures provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance by eliminating items that vary from period to period without correlation to our core operating performance and highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures.

AGENDA



-  Tecogen Overview
-  4Q 2021 Results
-  FY 2021 Results
-  Earnings Takeaways
-  Q&A



3,000+
Units Shipped

Providing resiliency and energy savings with a cleaner environmental footprint



DISTRIBUTED GENERATION

3rd in number of microgrids installed in North America



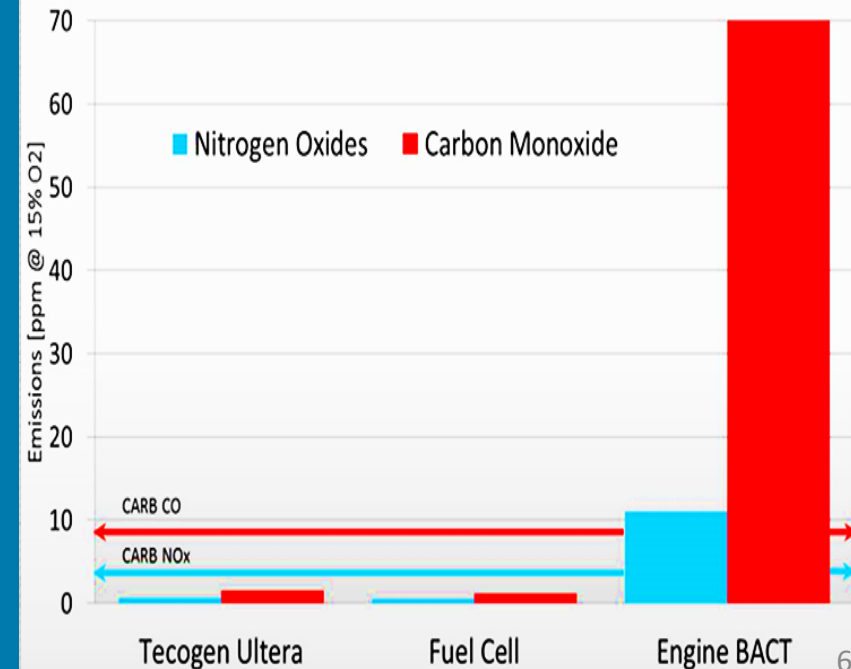
EMISSIONS

Near zero NOx and CO emissions systems for gasoline, propane and natural gas engines

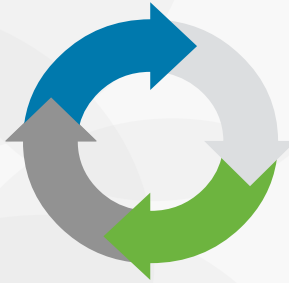


CLEAN COOLING

Chillers with lower operating cost and lower greenhouse gas footprint compared to an equivalent electric chiller

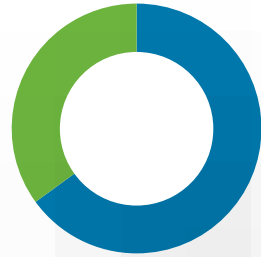


FACTS ABOUT US



200,000+

METRIC TONS OF CO2
SAVED



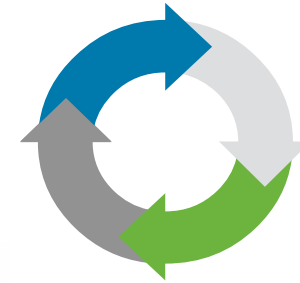
3,000+

DISTRIBUTED
GENERATION AND
CHILLERS SHIPPED



2.1M+

KWH GENERATED



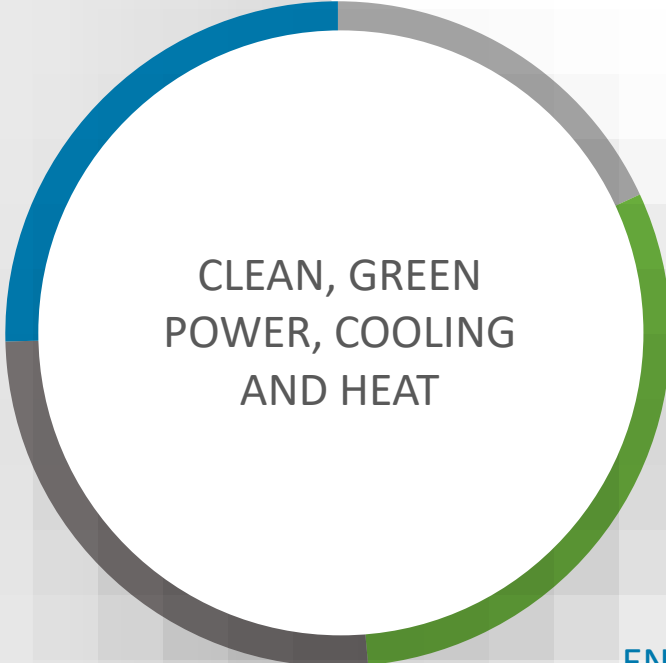
52M+

PRODUCT RUN
HOURS

REVENUE SEGMENTS

PRODUCT SALES

Sales of combined heat and power, and clean cooling systems to building owners. Key market segments include multifamily residential, health care and indoor cultivation.



CLEAN, GREEN
POWER, COOLING
AND HEAT

SERVICES

We service most purchased Tecogen equipment in operation through long term maintenance agreements through 11 service centers in North America and perform certain equipment installation work.

ENERGY SALES

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

4Q 2021 RESULTS

Highlights

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

Revenue = \$7.18 million

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

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

Op Ex = \$3.32 million

Net Income of \$63k

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

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

YE 2021 RESULTS

Highlights

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

Revenue = \$24.39 million

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

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

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

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

4Q 2021 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA and adjusted EBITDA were both positive at \$176k and \$284k respectively

EBITDA Non-cash adjustments

- Stock based compensation
- Unrealized and realized (gain) loss on investment securities

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

*Adjusted EBITDA is defined as net Income (loss) attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock-based compensation expense, unrealized loss on investment securities, non-cash abandonment of intangible assets, goodwill impairment and other non-recurring charges or gains including abandonment of certain intangible assets and extinguishment of debt

YE 2021 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

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

EBITDA Non-cash adjustments

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

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

*Adjusted EBITDA is defined as net Income (loss) attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock-based compensation expense, unrealized loss on investment securities, non-cash abandonment of intangible assets, goodwill impairment and other non-recurring charges or gains including abandonment of certain intangible assets and extinguishment of debt

4Q 21 PERFORMANCE BY SEGMENT

- 🔄 **Product Revenue** increased 92% QoQ
 - 257% increase in chiller shipments
 - Product backlog improving with outlook for 1Q and 2Q 22 positive

- 🔄 **Service Revenue** declined 6% QoQ
 - Installation services down 85% QoQ
 - Service contracts (O&M) up 17% QoQ
 - Services Gross Margin increased to 53%

- 🔄 **Energy Production Revenue** decreased 9% QoQ

- 🔄 **Gross Margin** 48%

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

QTD Gross Margin	2021	2020	Target
Overall	48%	41%	>40%

YE 21 PERFORMANCE BY SEGMENT



Product Revenue decreased 12% YoY

- 340% increase in chiller shipments
- 65% decrease in cogeneration
- Product margins increased to 45% from 40%



Service Revenue declined 16% YoY

- Installation services down 81% YoY
- Service contracts (O&M) up 15% YoY
- Services Gross Margin increased to 51% from 37%



Energy Production Revenue decreased 5% YoY



Gross Margin increased to 47% from 38%



Gross Profit increased 7% due to favorable product mix and reduced install activities

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

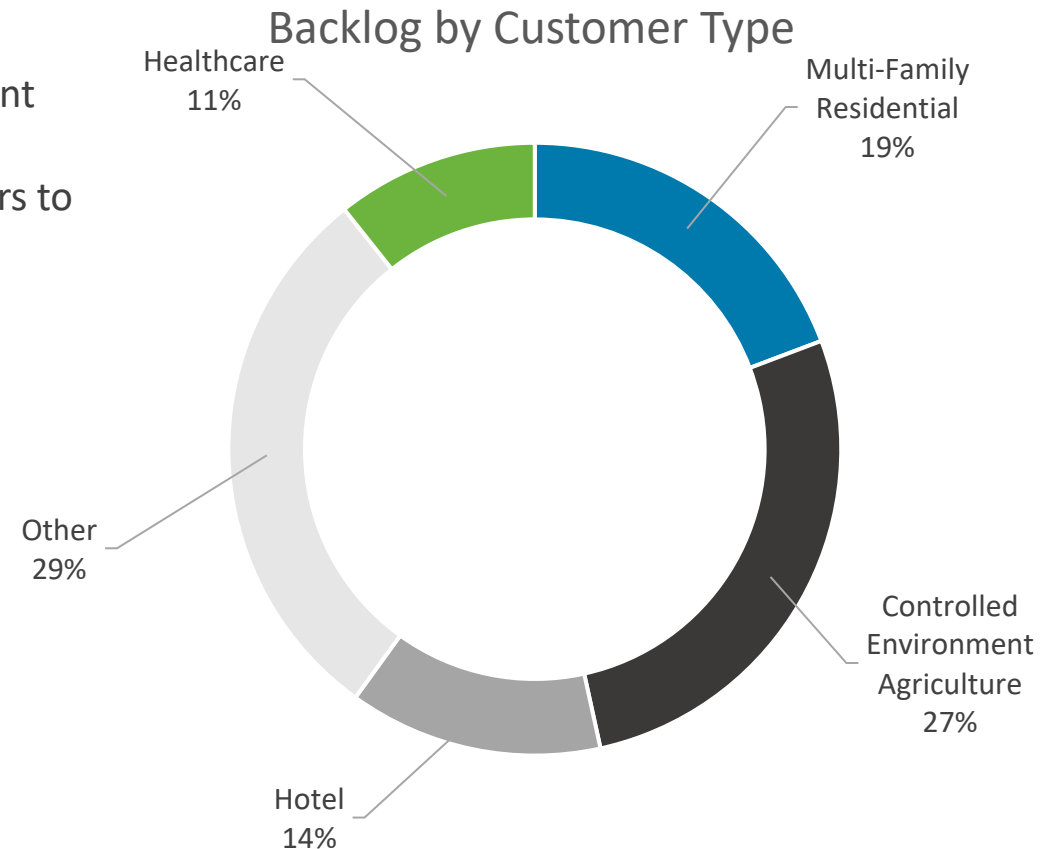
2021 EARNINGS TAKEAWAYS

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

- Consistent Growth in Service O&M Segment**
 - Service O&M up 15% YoY, 17% QoQ
 - FY 2021 Service Gross Margin 51%

- Sustainable Corporate Improvements**
 - Improved margins in Products and Services segments
 - Operational and manufacturing improvements

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



PATHWAY TO GROWTH

2022

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

Anticipate Introduction of **Tecochill Air Cooled Chillers** that incorporate the Tecogen hybrid drive technology by Q4 2022. This addresses a gap in our Tecochill offering as air cooled chillers are typically sold in larger volumes compared to water cooled chillers in our size range.

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

Q&A



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