



Message To Our
Investors
2021

Tecogen  [®]
Clean Energy Solutions 

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 document 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.

TO OUR STOCKHOLDERS

Without a doubt 2021 was a challenging year, but Tecogen has come out of it stronger than we went in. We finished the year with substantially more cash than we started; \$3.6m at the end of 2021 versus \$1.5m at year end 2020. We also had net income of \$3.7m compared to losses in previous years although this resulted primarily from the PPP loan forgiveness and Employee Retention Credit. We also made an operating profit and had positive net income in Q4 2021 without any government assistance. Our improved financial position has enabled some exciting new product developments focused on our hybrid air-cooled chiller that will be launched in Q4 2022 with incremental revenue from

this product expected in 2023. Another key metric that improved is our gross profit margin, increasing from 38% to 47% between 2020 and 2021.

In addition to financial metrics, we continue to provide tremendous environmental benefits. Although our products burn natural gas, our high efficiency results in a net reduction of gas burned and our greenhouse gas (GHG) emissions are typically half that of the electrical grid. Our GHG emission benefits will further increase as Renewable Natural Gas (RNG) is introduced into the US gas pipeline infrastructure.

Providing resiliency and energy savings with a cleaner environmental footprint



Business Overview

For investors who are new to Tecogen, we are a clean energy company based in North America. Our products offer customers energy savings, resiliency and a cleaner environmental footprint compared to the utility grid. Tecogen's cogeneration and chiller systems use an engine to generate electricity or chilled water and recover the waste heat from the engine. 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 are typically half that of the electrical grid. Our

systems generate electricity and hot water or in the case of our Tecochill product, chilled water and hot water. Most of our products are shipped with our patented Ultra® emissions system that removes criteria pollutants such as NOx and CO from the tailpipe. This allows our emissions to be as clean as fuel cells and we can meet the most stringent air quality requirements including in the state of California. Our revenues are comprised of product sales, service revenues and sales of energy.



200,000+

METRIC TONS OF CO2
SAVED



3,000+

DISTRIBUTED
GENERATION AND
CHILLERS SHIPPED



2.1M+

KWH GENERATED



52M+

PRODUCT RUN
HOURS

Strategic Highlights

In Tecogen's September 2021 investor presentation, we outlined our strategy and our potential in the clean energy future. We identified and are concentrating on market segments where we have significant

competitive advantages such as our Tecochill chillers and our proprietary Inverde microgrid system. This focused approach allows us to benefit from two major advantages; we can maintain high product margins, and our

products are more economically compelling for channel partners, thereby increasing our sales reach.

The customer profile where we have the largest advantage is a facility that has a simultaneous need for cooling and dehumidification, or cooling and heat. Some key customer segments include controlled environment agriculture (including cannabis cultivation), healthcare, ice rinks, food processing, and certain other process cooling customers.

Our Tecochill product is ideally suited to these customers as we offer substantial economic savings, lower greenhouse gas emissions and better humidity control compared to traditional electric cooling technologies.

Market Highlights

In the process cooling segment, our primary focus in 2021 was in the cannabis market as we believe this is one of the largest and fastest growing market opportunities for our technology and believe this growth will continue into 2022 and beyond. Each new cannabis facility represents potential revenue of >\$1m for Tecogen. There are more than 100

In addition, we believe that the Tecochill benefits from significant barriers to entry for new entrants who would need many years of R&D to replicate our system and a strong service network to provide the uptime that these process cooling customers require. We plan to expand our market share for clean cooling in 2022 through our existing products and in 2023 through the introduction of our hybrid air cooled chiller which we believe will benefit from pending patents for the hybrid drive.

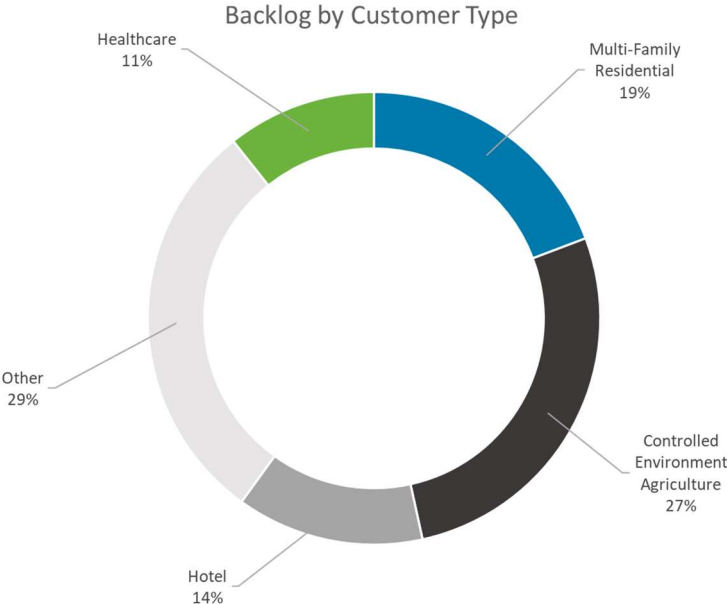
In 2022 we will also introduce the air-cooled chiller to existing customers and within the engineering community. Our target is for air-cooled chiller sales by early 2023.

state-specific cannabis license applications that are pending as well as retrofits of existing active licenses that represent a market potential to Tecogen of greater than \$150m over the next 3-5 years in key states such as Massachusetts, New York, New Jersey, Florida, and other states as they expand recreational marijuana production.

Backlog

Our backlog has increased from \$8.3m at the end of 2020 to \$11.3m at the end of 2021 with >\$8m that we expect to ship in the first six months of 2022. As of March 9th, 2022, the

backlog stands at \$11.8m. Our largest identified segment in our backlog is in controlled environment agriculture, followed by multifamily and healthcare.

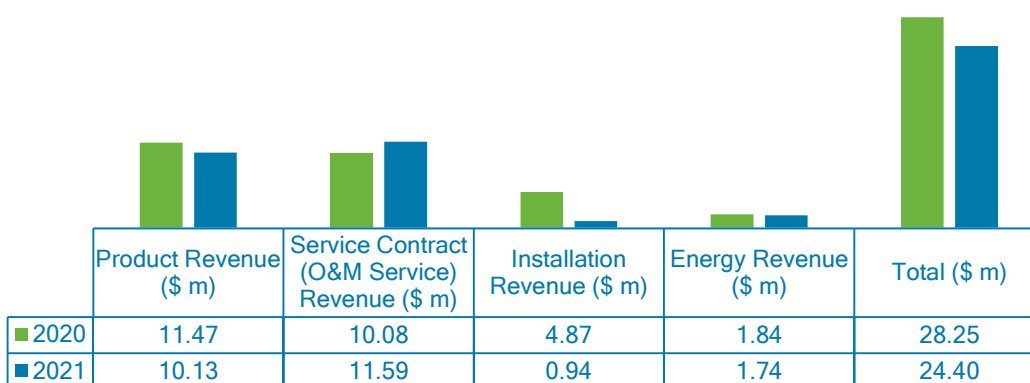


CLEAN COOLING

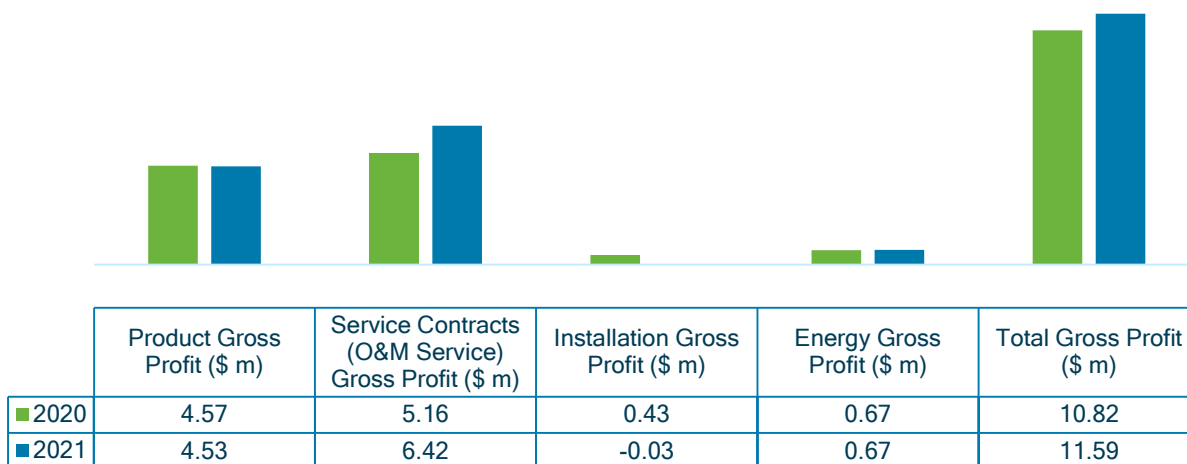
Financial highlights

We generated net income of \$3.7m for FY 2021 largely helped by the PPP loans and Employee Retention Credit. We reduced our operating loss from \$6m in 2020 to \$1.2m in 2021. In Q4 2021 we made an operating profit of \$129k vs a loss of \$4.1m in Q4 2020. Q4 2020 was negatively impacted by a \$2.8m goodwill impairment associated with our energy production assets acquired in the American DG merger. We also had positive operating cash flow of \$465k in FY 2021. Although our total revenues decreased compared to FY 2020, this was driven in part by our decision to stop performing installation activities that have low margins. As a result of this decision our gross profit increased to \$11.5m in FY 2021 compared to \$10.8m in FY 2020. Our gross profit margin increased to 47% in 2021 from 38% in FY 2020.

Revenue By Segment 2020 Compared To 2021



Gross Profit By Segment 2020 Compared To 2021



The table below provides a reconciliation of our GAAP EBITDA with our non-GAAP Adjusted EBITDA (unaudited).

Non-GAAP financial disclosure ⁽¹⁾	Q4 2021	Q4 2020
Net income (loss) attributable to Tecogen Inc	\$ 62,966	\$ (4,062,314)
Interest expense, net	655	4,741
Provision for income taxes	500	2,380
Depreciation and amortization, net	112,218	120,186
EBITDA	176,339	(3,935,007)
Stock-based compensation	51,775	58,632
Unrealized loss on securities	56,246	—
Inventory write down	—	—
Long-lived asset impairment	—	71,963
Goodwill impairment	—	2,875,711
Adjusted EBITDA	<u>\$ 284,360</u>	<u>\$ (928,701)</u>

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

⁽¹⁾ In addition to reporting net income, a U.S. generally accepted accounting principle (“GAAP”) measure, this document contains information about Adjusted EBITDA (net income (loss) attributable to Tecogen Inc adjusted for interest, income taxes, depreciation and amortization, stock-based compensation expense, unrealized gain or loss on investment securities, goodwill impairment charges and other non-cash non-recurring charges including abandonment of certain intangible assets and extinguishment of debt), which is a non-GAAP measure. The Company believes Adjusted EBITDA allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into its operating results. Adjusted EBITDA is not calculated through the application of GAAP. Accordingly, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

⁽²⁾ The Adjusted EBITDA for FY 2021 benefits from \$1.2 million of Employee Retention Credit.

TECOGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of December 31, 2021 and 2020
(unaudited)

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

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

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

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

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

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

(unaudited)

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

BOARD OF DIRECTORS

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the Renewables 100 Policy Institute

John N. Hatsopoulos (Lead Director)
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former CFO of Thermo Electron
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Mechanical Engineering at MIT

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Systems.

Fred Holubow
General Partner of Starbow Partners

Ralph Jenkins
Retired partner Ernst & Young LLP

EXECUTIVE OFFICERS

Benjamin M. Locke
CEO and Director

Abinand Rangesh
CFO and Director

John K. Whiting, IV
General Counsel

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Independent Registered Public Accounting Firm
Wolf & Company P.C.
Boston, Massachusetts

Our Form 10-K, which has been filed with the Securities and Exchange Commission (“SEC”), also contains additional information including exhibits. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, proxy statements and other filings with the SEC, as well as news releases, can be accessed free of charge on our website at <https://ir.tecogen.com/sec-filings>. You may obtain copies of our annual and quarterly reports and other filings with the SEC free of charge by writing to Tecogen Inc., 45 First Avenue, Waltham Massachusetts 02451. Our Annual Report on Form 10-K is also available on the SEC’s website at www.sec.gov.

Common Stock Quotation

Our common stock is quoted on the OTC Markets LLC’s OTCQX Best Market under the symbol “TGEN.”