







OTCQX: TGEN

EARNINGS CALL MARCH 16, 2023

FY 2022

MANAGEMENT

-  Abinand Rangesh – CEO & CFO
-  Robert Panora – COO & President
-  Roger Deschenes – CAO
-  Jack Whiting – General Counsel & Secretary



SAFE HARBOR STATEMENT








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

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

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

AGENDA



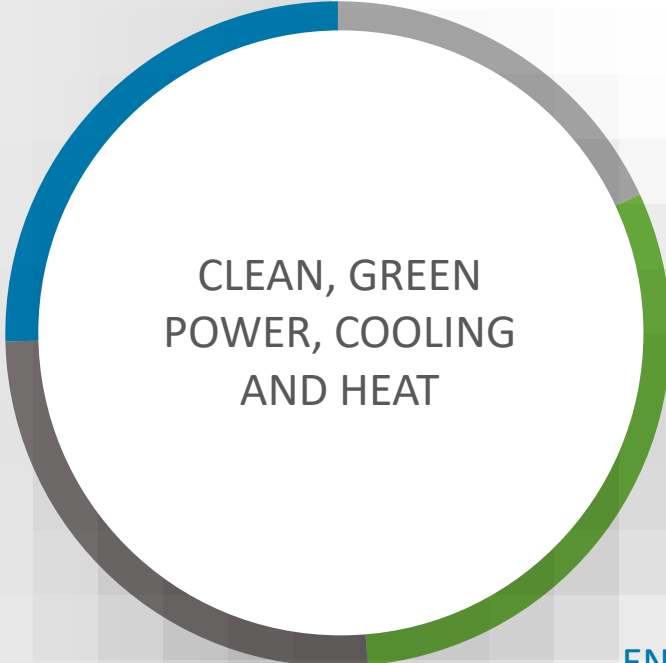
-  4Q 2022 Results
-  FY 2022 Results
-  Vision and 2023 Plan
-  Competitive Advantage, Markets and Positioning
-  Q&A



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 2022 RESULTS

Key Points

- Net loss of \$0.06/share Q4 2022
- Net Loss \$1.4m
- Cash and equivalents balance of \$1.9 million

Revenue = \$4.5 million down 37%

Gross Margin of 53% due to higher proportion of revenue from service activities

Op Ex = \$3.7 million with \$300k of one-time expenses

<i>\$ in thousands</i>	4Q'22	4Q'21	YoY Change	%
Revenue				
Products	\$ 1,000	\$ 3,693	\$ (2,694)	
Service	3,015	3,087	(72)	
Energy Production	517	400	118	
Total Revenue	4,532	7,180	(2,648)	-36.9%
Gross Profit				
Products	321	1,694	(1,373)	
Service	1,812	1,636	176	
Energy Production	247	122	124	
Total Gross Profit	2,379	3,452	(1,073)	-31.1%
Gross Margin: %				
Products	32%	46%	-14%	
Service	60%	53%	7%	
Energy Production	48%	31%	17%	
Total Gross Margin	53%	48%	4%	
Operating Expenses				
General & administrative	3,267	2,438	829	
Selling	239	724	(485)	
Research and development	196	161	35	
Impairment and other expenses	76	-	76	
Total operating expenses	3,778	3,323	455	13.7%
Operating profit (loss)	(1,398)	129	(1,528)	
Net Income (loss)	\$ (1,424)	\$ 63	\$ (1,487)	

YE 2022 RESULTS

Key Points

- Net Loss of \$0.10/share YE 2022
- Net Loss of \$2.4m

Revenue = \$25 million



- Compared to \$24.4 m, 2.5% increase
- Service down due to lower installation activity, maintenance contract revenue increased 4%


Gross Margin of 44% due to higher material costs

Op Ex = \$13.4m in 2022 compared to \$12.8m in 2021 or 4.8% increase (below inflation)

<i>\$ in thousands</i>	YE 22	YE 21	YoY Change	%
Revenue				
Products	\$ 11,156	\$ 10,133	\$ 1,023	
Service	12,060	12,526	(466)	
Energy Production	1,786	1,739	47	
Total Revenue	25,002	24,398	604	2.5%
Gross Profit				
Products	3,743	4,532	(790)	
Service	6,535	6,391	144	
Energy Production	789	665	125	
Total Gross Profit	11,066	11,588	(521)	-4.5%
Gross Margin: %				
Products	34%	45%	-11%	
Service	54%	51%	3%	
Energy Production	44%	38%	6%	
Total Gross Margin	44%	47%	-3%	
Operating Expenses				
General & administrative	10,909	9,796	1,113	
Selling	1,811	2,472	(661)	
Research and development	733	542	191	
Impairment and other expenses	(37)	(3)	(34)	
Total operating expenses	13,416	12,807	610	4.8%
Operating profit (loss)	(2,349)	(1,219)	(1,131)	-92.8%
Other Income (expense)	(32)	4,980	(5,012)	
Net Income (loss)	\$ (2,448)	\$ 3,696	\$ (6,144)	-166.2%

4Q 2022 ADJUSTED EBITDA RECONCILIATION

- 
EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization
 - 
EBITDA and adjusted EBITDA were both negative at \$1.3m and \$1.1m 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	
	2022	2021
Net income (loss) attributable to Tecogen Inc.	\$ (1,424)	\$ 63
Interest expense, net	-	1
Income tax expense	-	1
Depreciation & amortization, net	103	112
EBITDA	(1,321)	176
Stock based compensation	79	52
Unrealized loss on marketable securities	19	56
Long lived asset impairment	76	
Abandonment of intangible assets	-	
Adjusted EBITDA*	\$ (1,146)	\$ 284

*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 2022 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA and adjusted EBITDA loss of \$1.98m and \$1.67m respectively

EBITDA Non-cash adjustments

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

Non-GAAP financial disclosure (in thousands)	FY ended Dec 31	
	2022	2021
Net income (loss) attributable to Tecogen Inc.	\$ (2,448)	\$ 3,696
Interest expense, net	16	14
Income tax expense	16	19
Depreciation & amortization, net	428	470
EBITDA	(1,987)	4,200
Stock based compensation	334	202
Unrealized loss (gain) on marketable securities	(19)	31
Long lived asset impairment	5	7
Gain on extinguishment of debt	-	(3,773)
Adjusted EBITDA*	\$ (1,667)	\$ 667

*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 22 PERFORMANCE BY SEGMENT

 **Product revenue** reduced 73% QoQ

 **Service revenue** declined 2% QoQ

- No longer providing installation services
- Service contracts (O&M) up 2% QoQ
- Services Gross Margin increased to 60%

 **Energy Production** revenue increased 29% QoQ

 **Gross Margin** 53%

4Q Revenues (\$ thousands)	2022	2021	YoY Growth
Revenues			
Cogeneration	\$ 604	\$ 721	-16%
Chiller	47	2,794	-98%
Engineered accessories	349	178	96%
Total Product Revenues	1,000	3,693	-73%
Service Contracts	3,034	2,973	2%
Installation Services	(20)	114	-117%
Total Service Revenues	3,015	3,087	-2%
Energy Production	517	400	29%
Total Revenues	4,532	7,180	-37%
Cost of Sales			
Products	679	2,000	-66%
Services	1,203	1,451	-17%
Energy Production	271	277	-2%
Total Cost of Sales	2,152	3,728	-42%
Gross Profit	2,379	3,452	-31%
Net income (loss)	\$ (1,424)	\$ 63	
Gross Margin			
Products	32%	46%	
Services	60%	53%	
Energy Production	48%	31%	
Overall	53%	48%	

QTD Gross Margin	2021	2021	Target
Overall	53%	48%	>40%

YE 22 PERFORMANCE BY SEGMENT



Product revenue increased 10% YoY

- 12% decrease in chiller shipments
- 62% increase in cogeneration



Service revenue declined 4% YoY

- No longer providing installation services
- Service contracts (O&M) up 4% YoY
- Services Gross Margin increased to 54% from 51%



Energy Production Revenue increased 3% YoY



Gross Margin decreased to 44% from 47% due to higher product material costs

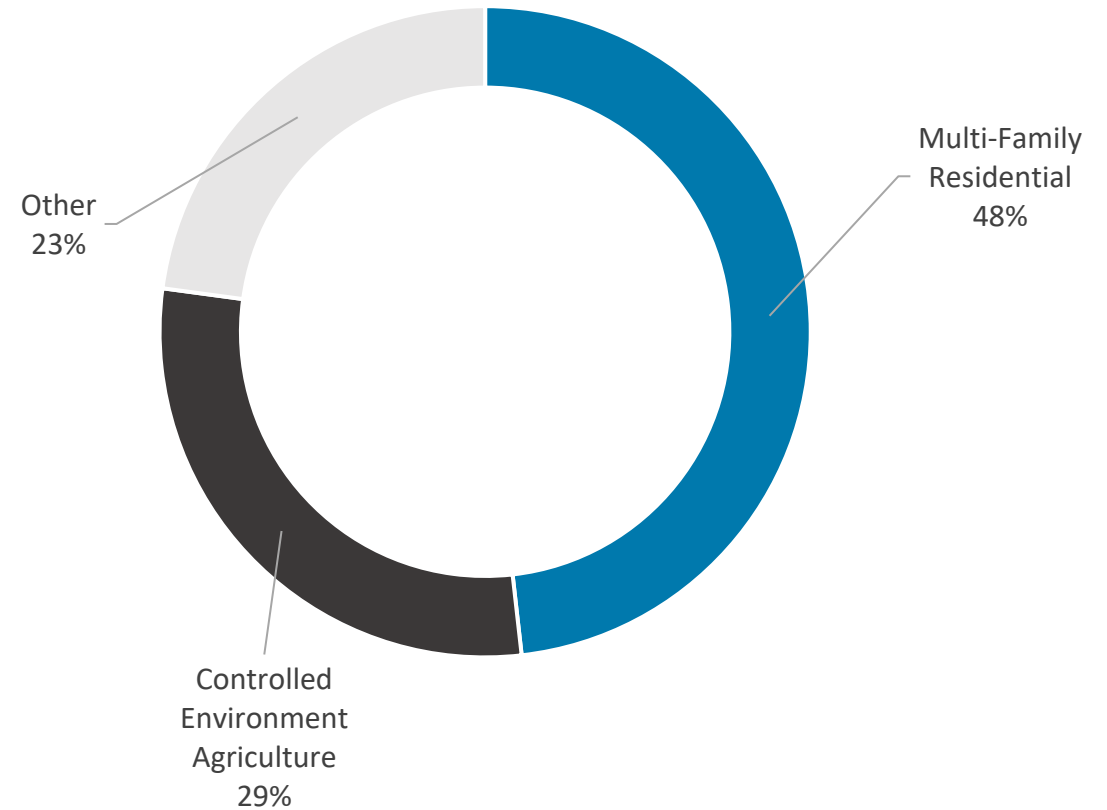
YE 2022 Revenues (\$ thousands)	2022	2021	YoY Growth
Revenues			
Cogeneration	5,280	\$ 3,264	62%
Chiller	5,035	5,723	-12%
Engineered accessories	842	1,146	-27%
Total Product Revenues	11,156	10,133	10%
Service Contracts	12,060	11,587	4%
Installation Services	0	939	-100%
Total Service Revenues	12,060	12,526	-4%
Energy Production	1,786	1,739	3%
Total Revenues	25,002	24,398	2%
Cost of Sales			
Products	7,413	5,601	32%
Services	5,525	6,135	-10%
Energy Production	997	1,074	-7%
Total Cost of Sales	13,935	12,810	9%
Gross Profit	11,067	11,588	-4%
Net income (loss)	\$ (2,448)	\$ 3,696	-166%
Gross Margin			
Products	34%	45%	
Services	54%	51%	
Energy Production	44%	38%	
Overall	44%	47%	

Gross Margin	2021	2021	Target
Overall	44%	47%	>40%

BACKLOG AND CASH

- Backlog has increased from year end to \$7.58m from \$6.6m
- Cash position \$1.9m at quarter end and \$2.2m presently
- No Debt

Backlog by Customer Type



Resiliency and energy efficiency solutions with a cleaner environmental footprint.

3,100+
Units Shipped



POWER GENERATION + RESILIENCY

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



LONG TERM MAINTENANCE & ENERGY ASSET MANAGEMENT

Helping customers achieve predictable energy savings with comprehensive maintenance services



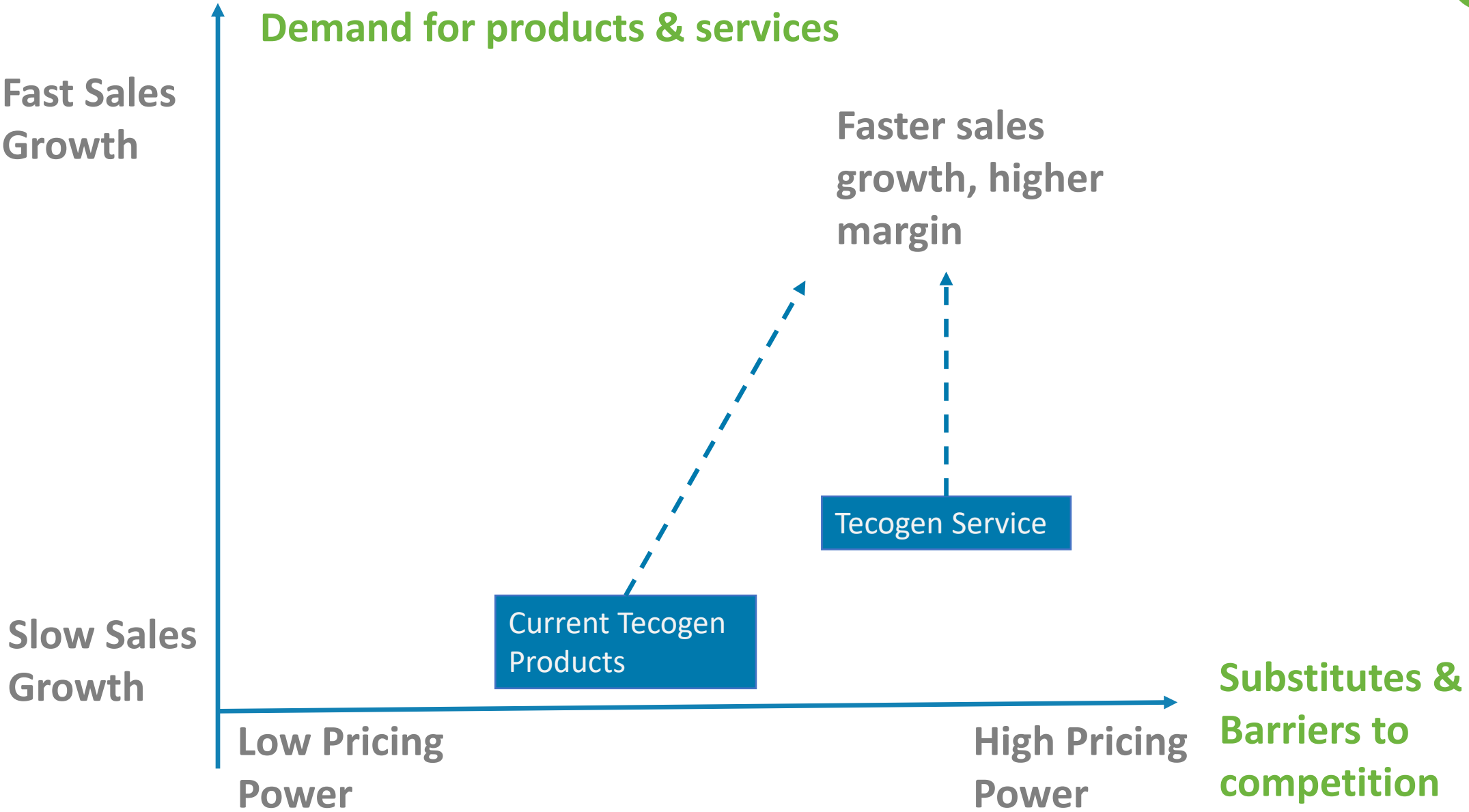
CLEAN COOLING

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





Current status of Tecogen's offering



Tecogen Growth Plan

By Aug 2023

- **Phase 1 – Stabilize existing business**
- Cost control measures and focus on key markets
- Free up cash from inventory and NYSERDA rebates
- In process of assuming service agreements for 202 cogeneration units
- **Obtain PO for first air-cooled chillers sites**

By Nov 2023

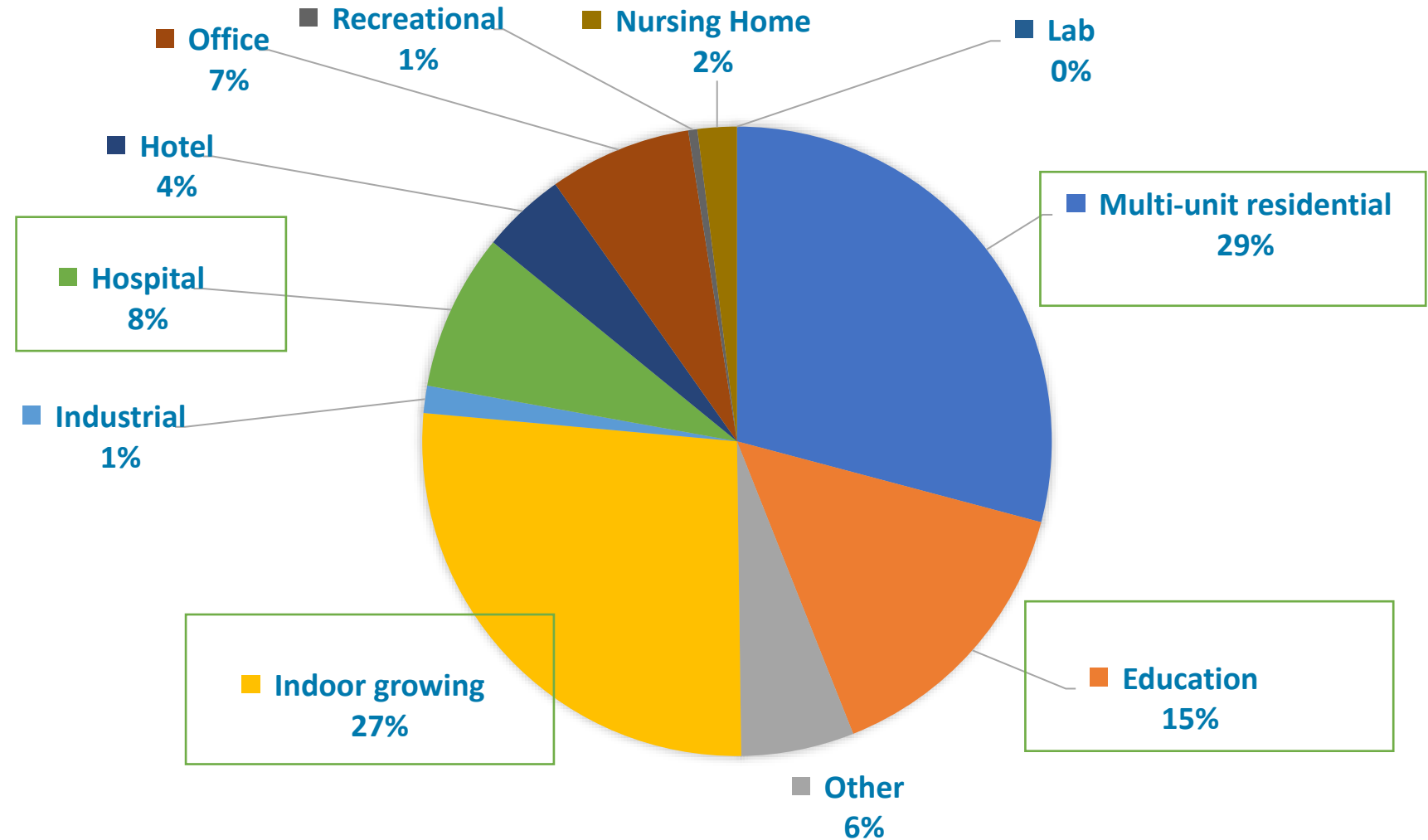
- **Phase 2 – Position company for scalability**
- Test and refine business model to sell via strategic partnerships
- **Improve ease of install of products and documentation**
- Add additional service contracts
- Start functional testing and **build up back log for air-cooled chiller**

By Jan 2024

- **Phase 3 – Ramp up hybrid cooling products and service offerings**
- Start full scale production of air-cooled chiller
- Expand service offerings to include other equipment such as electric chillers and provide energy management services for larger asset managers
- Look to expand hybrid product range to heat pumps and compressors

Market Segments

- ✓ Focus sales efforts on segments with largest advantages against competing offerings
- ✓ Indoor Agriculture
- ✓ Education
- ✓ Multi-Family
- ✓ Healthcare





Competitive Landscape Cogeneration

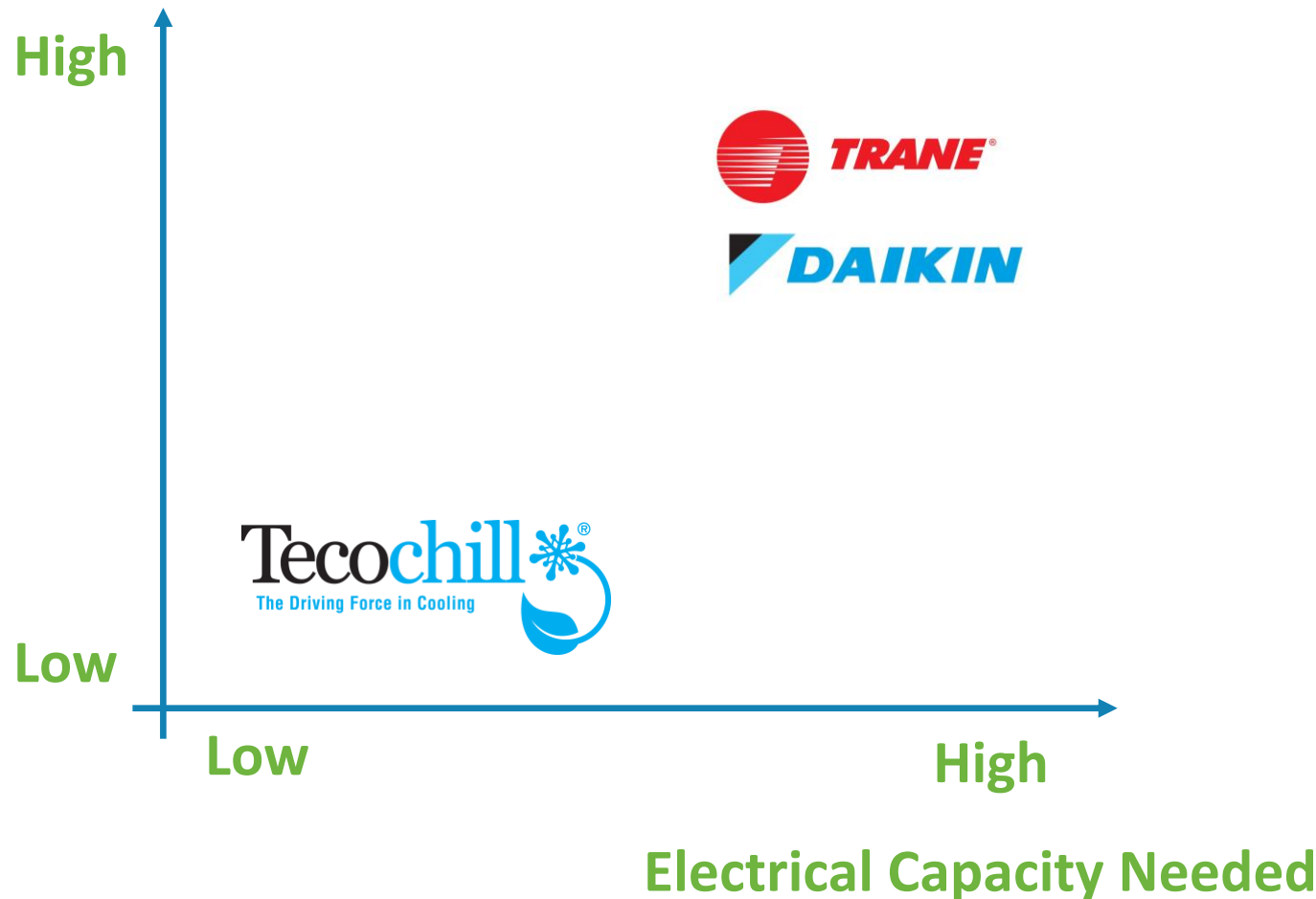
Easy to Install, Quiet and fits in tight spaces



- ✓ Tecogen has an advantage in buildings that need a quiet, easy to fit cogeneration system
- ✓ Higher efficiency large industrial cogeneration systems won't fit in most high-rise buildings and are too noisy
- ✓ 75 KW to 1MW size range
- ✓ Focus on buildings in urban environments

Competitive Landscape Chillers

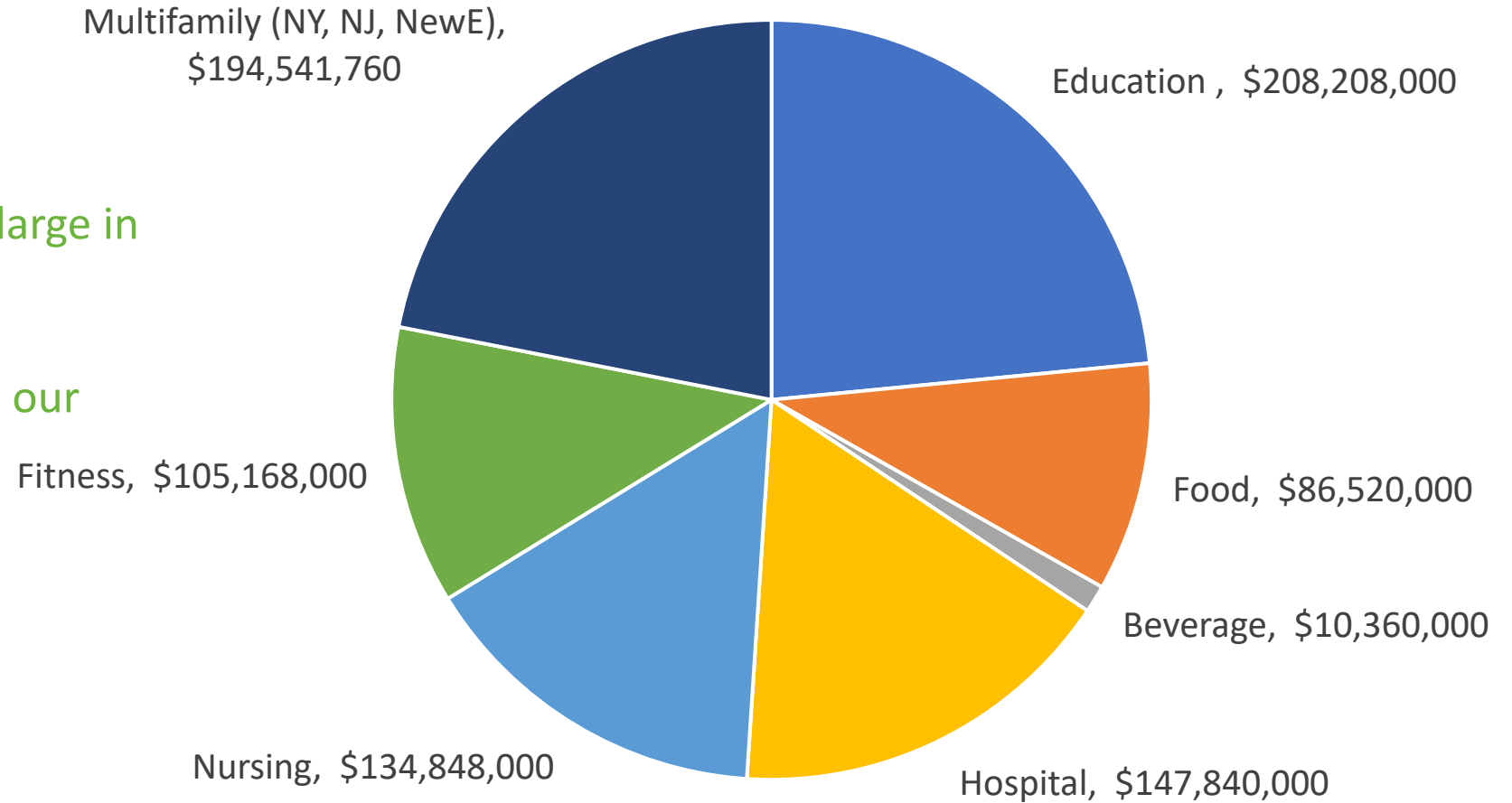
Cost of Operation



- ✓ Tecogen has advantages in buildings that have electrical capacity constraints or have better uses for the electrical capacity
- ✓ Best ROI in buildings that cool and dehumidify at the same time
- ✓ Focus on indoor agriculture, healthcare, industrial where both conditions above are met

Addressable Market Size in New England, NY, NJ, FL, CA

- ✓ Addressable market is still large in present geographies
- ✓ Utility rates are going up in our core markets
- ✓ Addressable Market >\$1Bn

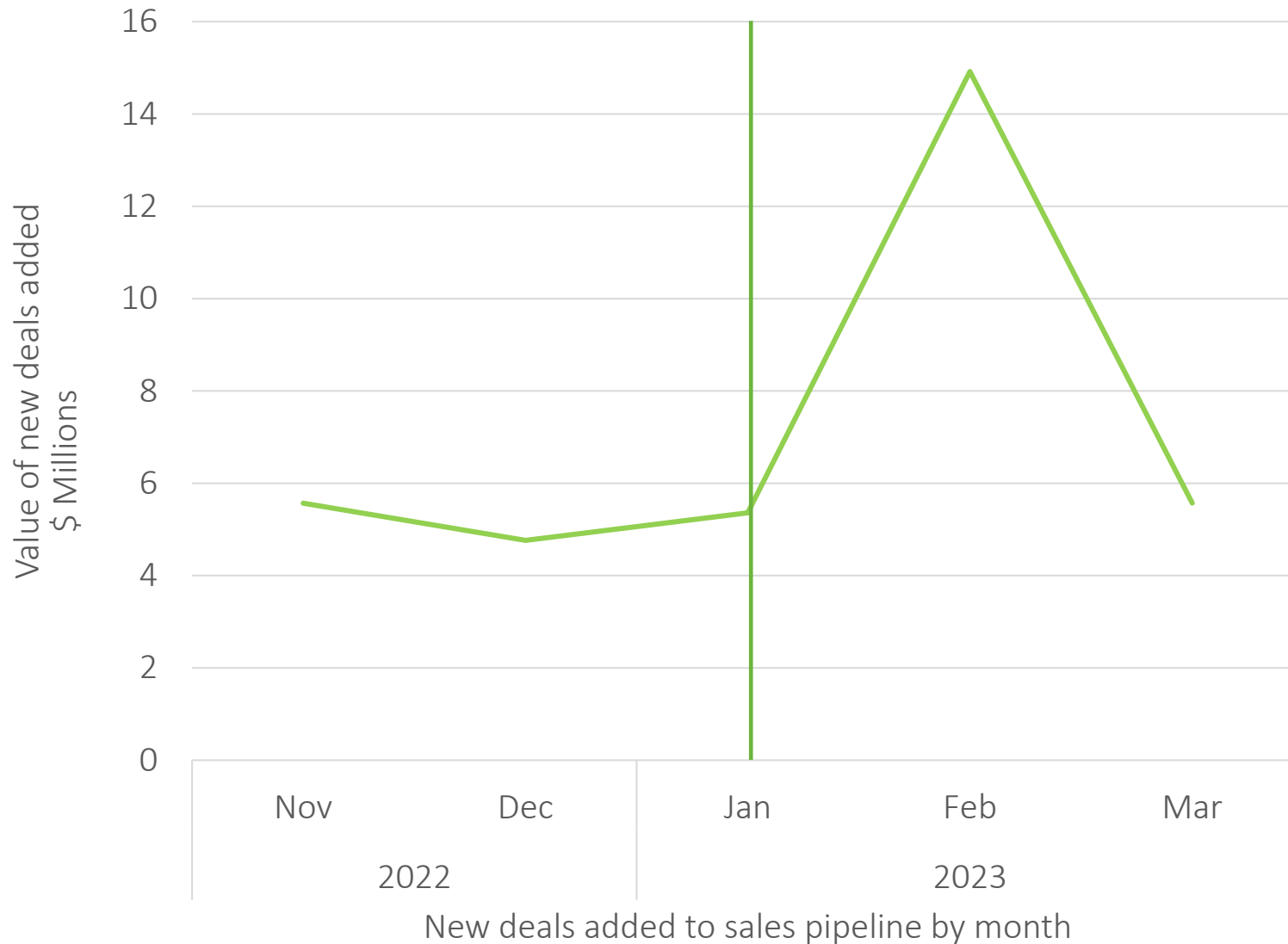


Conditions Necessary for Partners To sell Tecogen's Products



- ✓ Pick the right reps that have experience with ROI based sales
- ✓ Owner direct through developers and contractors
- ✓ New Build through HVAC Reps
- ✓ Change incentive structure
- ✓ Improve support documentation and drawings so reps are more self sufficient
- ✓ Simplify installation through engineering changes

Increasing the sales pipeline



- ✓ For increased sales, assuming a fixed conversion ratio, the sales pipeline size needs to increase
- ✓ AHR 2023 and re-engaging sales partners since Jan 2023 is already showing a significant increase in the number of new potential projects

Air Cooled Chiller Update

- ✓ Successful AHR 2023 launch
- ✓ Working on obtaining POs from beta customers
- ✓ Outreach to existing Tecogen customers with older equipment completed
- ✓ Gas company outreach to identify more customers via gas account reps
- ✓ Preliminary testing starting May at Tecogen and on-site customer testing starting Summer
- ✓ Working on rent to buy program with financial partners



SUMMARY AND Q&A

- ✓ Free up cash and stabilize business
- ✓ Grow service division
- ✓ Make products easier to install and sell
- ✓ Put in a sales distribution system via the right channel partners & developers
- ✓ Build up the backlog for the Air-Cooled chiller

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