Tecogen
Clean Energy Solutions

OTCQX: TGEN

EARNINGS CALL NOVEMBER 9, 2023

Q3 2023

MANAGEMENT

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

SAFE HARBOR STATEMENT

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

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

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

AGENDA

- Progress Update
- 3Q 2023 Results
- Q&A

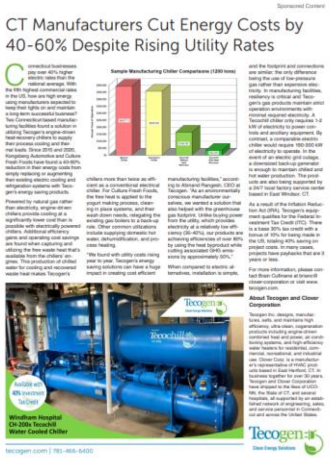
Progress Update - Key Numbers

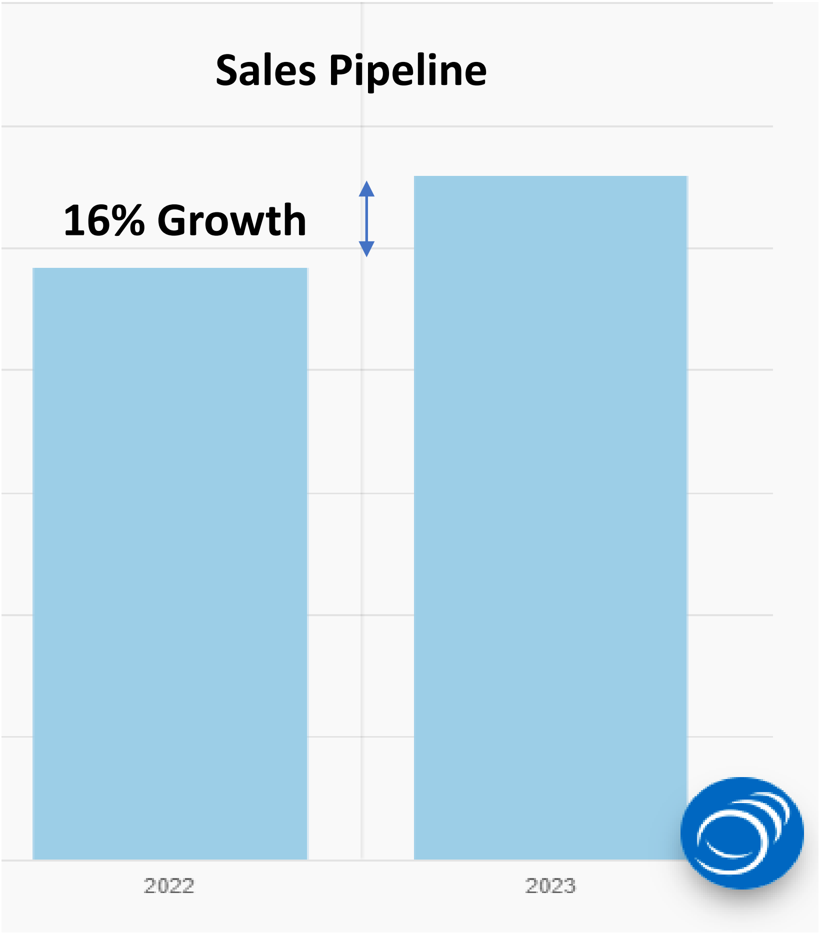
	Q4 22	Q1 23	Q2 23	Q3 23
Revenue	$4.53m	$5.37m	$6.75m	$7.11m
Adjusted EBITDA Loss	$1.15m Loss	$1.28m Loss	$592k Loss	$181k Loss
Inventory	$10.48m	$11.86m	$12.03 m	$11.04m
Backlog	$6.7m	$7.05m	$8.23m	$7.5m

- **Service margin adversely affected presently due to material replacements of engines and heat exchangers. Expect recovery to >50% margins by Q2 2024.**
- **Present cash position $1.1m**
- **Backlog by segment 63% Indoor Agriculture, 10% Education, 14% residential**
- **Putting Reverse Split to Shareholder Approval, likely early 2024 with a view to uplist subject to share price and value of public float.**

Product Marketing Update

- Targeted marketing via informational articles in specialist trade publications
- Direct outreach to contractors and design build firms working on process cooling
- <u>**Product Sales Pipeline for FY 2023 will be 20% higher than FY 2022 (presently 16% higher)**</u>





POWER GENERATION + RESILIENCY

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

LONG TERM MAINTENANCE & ENERGY ASSET MANAGEMENT

Helping customers achieve predictable energy savings with comprehensive maintenance services

CLEAN COOLING

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

REVENUE SEGMENTS

PRODUCT SALES

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

CLEAN, GREEN POWER, COOLING AND HEAT

SERVICES

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

ENERGY SALES

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

3Q 2023 RESULTS

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- **Revenue = $7.1 million, up 7.5% from Q3 22**
- **Key Points**
  - Net loss $482k
  - Net loss of $0.02/share Q3 2023
  - Cash and equivalents balance of $646 thousand, presently $1.1m
- **Gross Profit = $2.9 million, up 1% from Q3 22**
- **Op Ex = $3.3 million – increase attributable in part to Aegis acquisition**

$ in thousands	3Q'23	3Q'22	QoQ Change	%
Revenues				
Products	$ 2,939	$ 3,207	$ (268)	
Services	3,843	3,079	764	
Energy Production	331	333	(2)	
Total Revenue	7,113	6,618	494	**7.5%**
Gross Profit				
Products	1,269	1,132	137	
Services	1,496	1,596	(100)	
Energy Production	161	165	(4)	
Total Gross Profit	2,926	2,893	33	**1.1%**
Gross Margin: %				
Products	43%	35%	8%	
Services	39%	52%	-13%	
Energy Production	49%	50%	-1%	
Total Gross Margin	41%	44%	-3%	
Operating Expenses				
General & administrative	2,709	2,343	365	
Selling	425	568	(142)	
Research and development	160	202	(42)	
Gain on disposition of assets	-	(5)	5	
Total operating expenses	3,294	3,108	186	**6.0%**
Operating loss	(368)	(214)	(155)	
Net loss	$ (482)	$ (257)	$ (225)	

3Q 2023 ADJUSTED EBITDA RECONCILIATION

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- **EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization**
  - EBITDA and adjusted EBITDA were both negative at $0.18m and $0.07m respectively

- **EBITDA Non-cash adjustments**
  - Stock based compensation
  - Unrealized loss on investment securities

	Quarter Ended, September 30	
Non-GAAP financial disclosure (in thousands)	**2023**	**2022**
Net loss attributable to Tecogen Inc.	$ (482)	$ (257)
Interest expense, net	6	2
Income tax expense	-	6
Depreciation & amortization, net	169	107
EBITDA	**(307)**	**(141)**
Stock based compensation	69	69
Unrealized loss on marketable securities	56	-
Adjusted EBITDA*	**$ (182)**	**$ (72)**

*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

3Q 2023 PERFORMANCE BY SEGMENT

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- **Products**
  - Chiller revenue increased 17.8% - margin has recovered to 43%
  - Cogeneration margin – 39%
- **Services**
  - Service contracts revenue increased 24.8%
    - Existing service contract revenue increased 5.0%
  - Aegis acquired contract revenue $603K
  - Service margin lower in Q3 23 due to timing of engine replacements across the service fleet.
- **Energy Production**
  - Revenue decreased 1% QoQ

3Q Revenues ($ thousands)	2023	2022	QoQ Change %
Revenues			
Cogeneration	$ 899	$ 1,548	-42%
Chiller	1,935	1,642	18%
Engineered accessories	105	16	536%
Total Product Revenues	2,939	3,206	-8%
Services	3,843	3,078	25%
Energy Production	331	333	-1%
Total Revenues	7,113	6,618	7%
Cost of Sales			
Products	1,670	2,074	-19%
Services	2,347	1,482	58%
Energy Production	170	168	1%
Total Cost of Sales	4,187	3,724	12%
Gross Profit	2,926	2,893	1%
Net loss	$ (482)	$ (257)	
Gross Margin			
Products	43%	35%	
Services	39%	52%	
Energy Production	49%	50%	
Overall	41%	44%	

QTD Gross Margin	**2023**	**2022**	**Target**
Overall	41%	44%	>40%

PLANS TO INCREASE MARGIN

- Product Margin
  - Further increase in prices for some products
  - Improve commonality of parts across products to improve purchasing power
  - Redesign where necessary to reduce complexity
- Service Margin
  - Increased prices on contract renewals
  - Increased billable contract work to improve site performance
  - Increase service intervals with larger oil reservoirs, engine cylinder head improvements and better runtime algorithms to reduce wear and tear

SUMMARY AND Q&A

Priorities

- ✓ Cashflow
- ✓ Grow revenue and backlog
- ✓ Increase margin for both Services and Products

Company Information

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