






OTCQX: TGEN

Q2 2022 EARNINGS CALL

AUGUST 11, 2022

MANAGEMENT

-  Benjamin Locke - CEO
-  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
-  2Q 2022 Results
-  Earnings Takeaways
-  Market Update
-  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



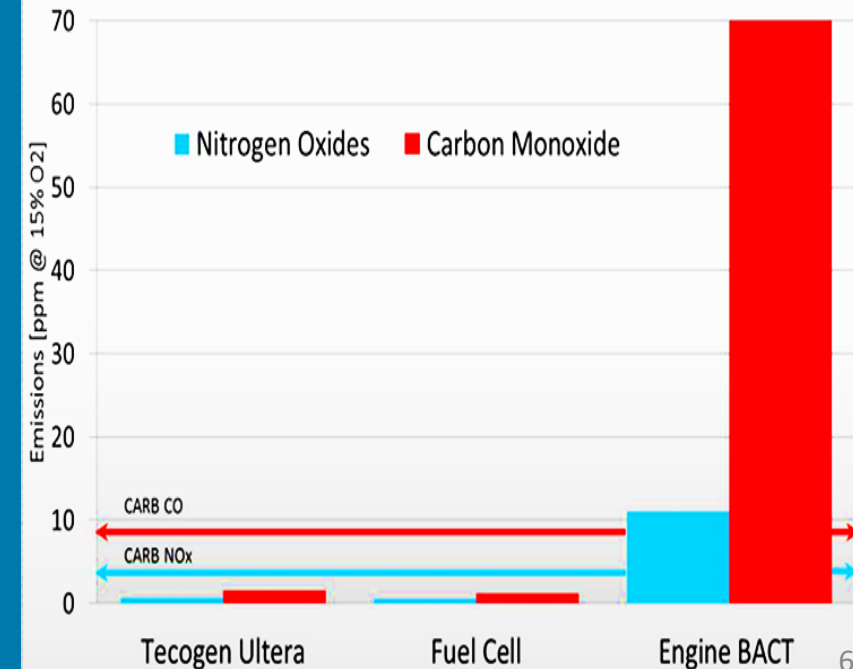
EMISSIONS

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

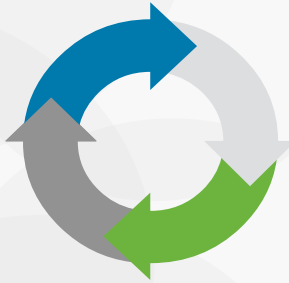


CLEAN COOLING

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



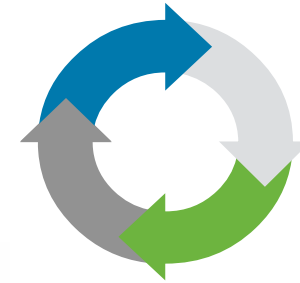
3,000+

DISTRIBUTED
GENERATION AND
CHILLERS SHIPPED



2.1M+

KWH GENERATED



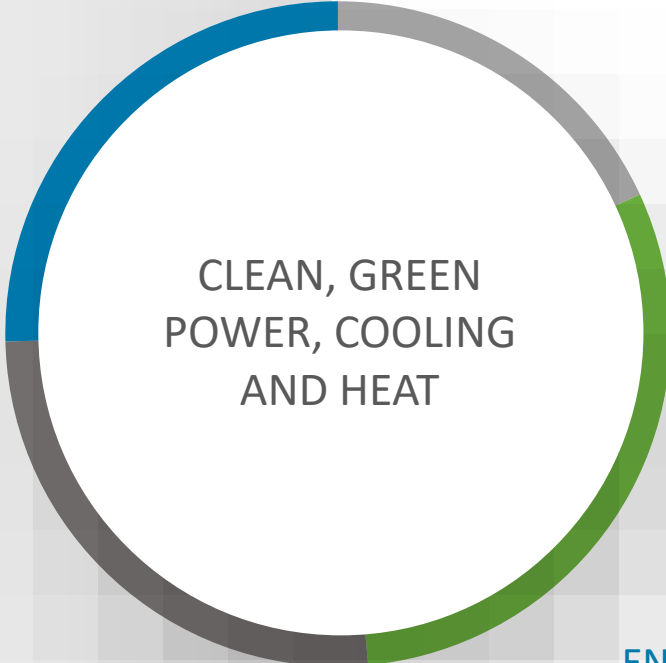
52M+

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.

2Q 2022 RESULTS



Highlights

- Net loss of \$-0.03/share Q2 2022
- Net loss \$-856k
- Cash and equivalents balance of \$2.8 million



Revenue = \$6.415 million

- Compared to \$6.145 million in 2Q '21, 4.4% increase
- Service down due to lower installation activity



Gross Margin of 42% due to higher cost of material



Op Ex = \$3.52 million



Operating Loss \$817k



Net Loss of \$856k

<i>\$ in thousands</i>	2Q' 22	2Q' 21	Change	%
Revenue				
Products	\$ 3,010	\$ 2,446	\$ 564	
Service	3,050	3,328	(278)	
Energy Production	354	371	(17)	
Total Revenue	6,415	6,145	269	4.4%
Gross Profit		\$ -		
Products	995	1,055	(61)	
Service	1,577	1,649	(72)	
Energy Production	132	139	(6)	
Total Gross Profit	2,703	2,843	(139)	-4.9%
Gross Margin: %				
Products	33%	43%	-10%	
Service	52%	50%	2%	
Energy Production	37%	37%	0%	
Total Gross Margin	42%	46%	-4%	
Operating Expenses				
General & administrative	2,825	2,438	386	
Selling	504	581	(77)	
Research and development	195	133	62	
Total operating expenses	3,521	3,152	371	11.8%
Operating profit (loss)	(817)	(310)	(508)	-164.0%
Net Income (loss)	\$ (856)	\$ 400	\$ (1,256)	-314.3%

2Q 2022 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

- EBITDA and adjusted EBITDA were a loss of \$741k and \$651k respectively

EBITDA Non-cash adjustments

- Stock based compensation

Non-GAAP financial disclosure (in thousands)	Quarter Ended, June 30	
	2022	2021
Net income (loss) attributable to Tecogen Inc.	\$ (856)	\$ 400
Interest expense, net	13	\$ 6
Income tax expense	7	\$ 8
Depreciation & amortization, net	96	\$ 117
EBITDA	(741)	531
Stock based compensation	90	55
Unrealized (gain) loss on marketable securities	-	(19)
Adjusted EBITDA*	\$ (651)	\$ 567

*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

2Q 22 PERFORMANCE BY SEGMENT

- 🔄 **Product Revenue** increased 23% QoQ
 - 60% gain in chiller revenues

- 🔄 **Service Revenue** declined 8% QoQ
 - Installation services down 100% QoQ
 - Service contracts (O&M) down 1% QoQ due to parts shortages
 - Services Gross Margin at 52%

- 🔄 **Energy Production Revenue** decreased 5% QoQ

- 🔄 **Gross Margin** 42%

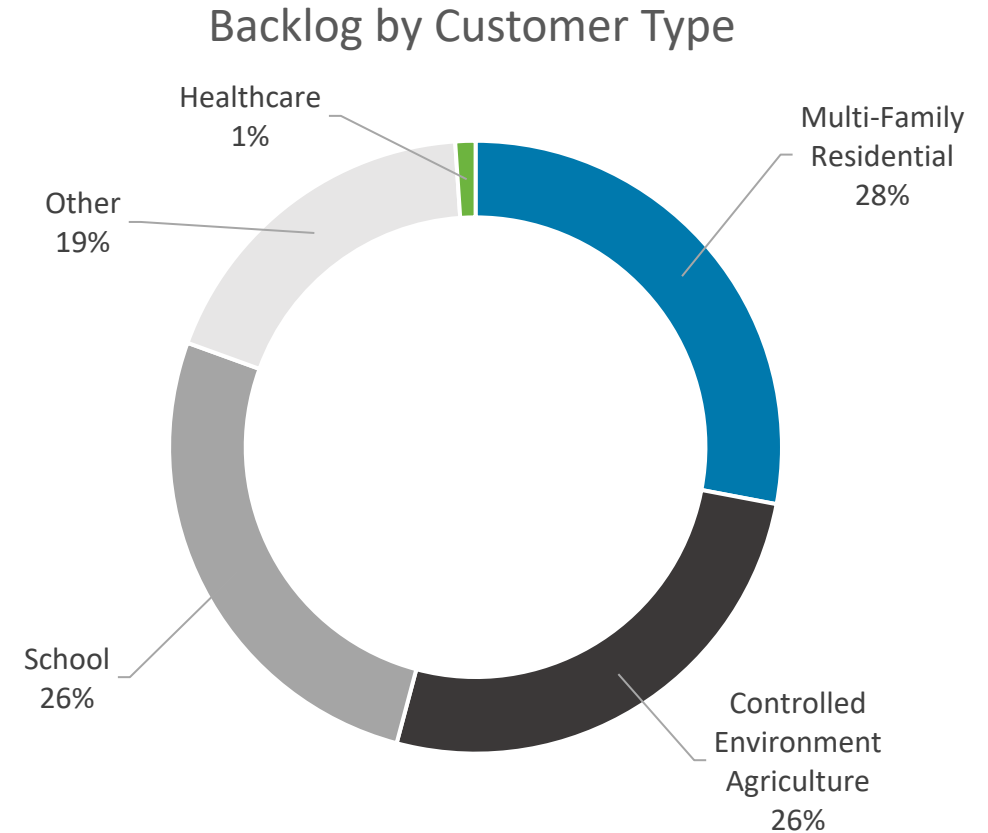
2Q 2022 Revenues (\$ thousands)	2Q' 2022	2Q' 2021	Change %
Revenues			
Cogeneration	\$ 954	\$ 1,050	-9%
Chiller	1,738	1,089	60%
Engineered accessories	318	307	4%
Total Product Revenues	3,010	2,446	23%
Service Contracts	3,050	3,084	-1%
Installation Services	-	244	-100%
Total Service Revenues	3,050	3,328	-8%
Energy Production	354	371	-5%
Total Revenues	6,415	6,145	4%
Cost of Sales			
Products	2,015	1,391	45%
Services	1,474	1,679	-12%
Energy Production	222	232	-4%
Total Cost of Sales	3,711	3,302	12%
Gross Profit	2,703	2,843	-5%
Net income (loss)	\$ (856)	\$ 400	
Gross Margin			
Products	33%	43%	
Services	52%	50%	
Energy Production	37%	37%	
Overall	42%	46%	

Gross Margin	2022	2021	Target
Overall	42%	46%	>40%

2Q' 22 EARNINGS TAKEAWAYS

Business Segments Adapting To Supply Chain Challenges

- 2Q Product Revenue \$3 mm – 23% increase vs. 2Q-21
- Price increases to address higher manufacturing costs
- 2Q ending backlog of \$10.7 million. Current backlog at \$9.4 million
- Continued penetration into controlled environment agriculture
- Continued success with Multi-family residential
- New sales relationships for chillers focusing on new market segments and geographies



PATHWAY TO GROWTH

New Business Unit Established Focused on Controlled Environment Agriculture (CEA) markets

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

Tecochill Hybrid Drive Air-Cooled Chiller to be launched at AHR in Feb 2023. 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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