







OTCQX: TGEN

EARNINGS CALL AUGUST 10, 2023

Q2 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

 2Q 2023 Results

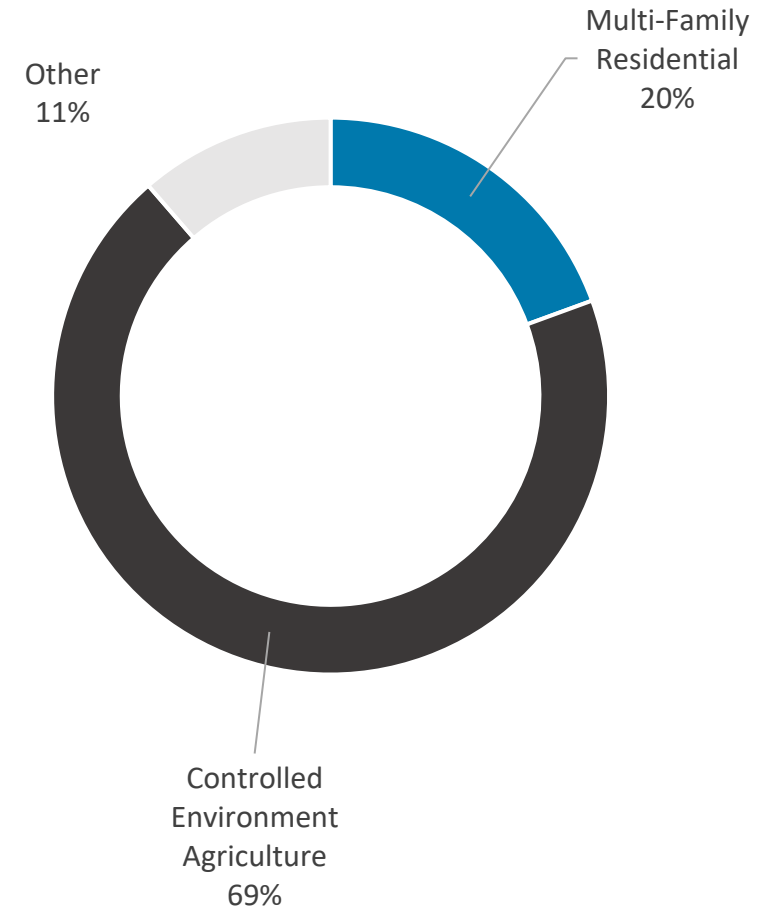
 Q&A



PROGRESS UPDATE

- 🌱 Q2 23 Revenue was 5% higher than Q2 22 and 25% higher than Q1 2023
- 🌱 Expect every subsequent quarter in 2023 to have higher revenue than the previous quarter
- 🌱 Generated cash from operations during the quarter
- 🌱 Cash position stable at \$1.87m at quarter end. Cash position ~\$1.2m today and expecting >\$3m in customer deposits and receivables in the next 30 days
- 🌱 Marketing strategy is working - Backlog at end of Q1 was \$7.1m, Q2 was \$8.2m and is currently at \$11.3m
- 🌱 Service revenue increased 29.6% QoQ
- 🌱 Next focus for company is improving margins.

Backlog by Customer Type



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

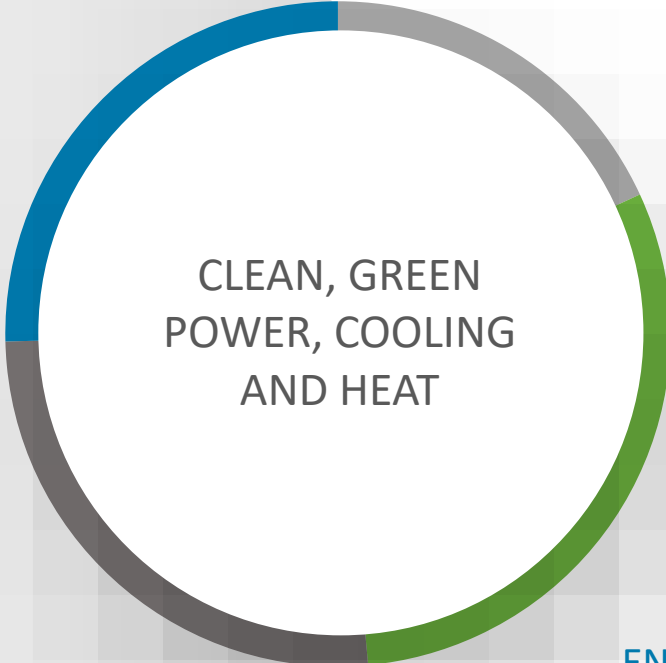
Hybrid and Engine Driven Chillers with lower operating cost and lower greenhouse gas footprint compared to competing solutions



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.

2Q 2023 RESULTS



Key Points

- Net loss of \$0.03/share Q2 2023
- Net loss \$0.8m
- Cash and equivalents balance of \$1.87 million



Revenues = \$6.7 million, up 5% from Q2 22



Gross Profit = \$2.8 million, up 5% from Q2 22



Op Ex = \$3.6 million – attributable in part to Aegis acquisition

<i>\$ in thousands</i>	2Q'23	2Q'22	QoQ Change	%
Revenues				
Products	\$ 2,446	\$ 3,010	\$ (564)	
Services	3,953	3,050	903	
Energy Production	350	354	(4)	
Total Revenue	6,749	6,415	334	5.2%
Gross Profit				
Products	827	995	(167)	
Service	1,877	1,577	300	
Energy Production	130	132	(2)	
Total Gross Profit	2,834	2,703	131	4.8%
Gross Margin: %				
Products	34%	33%	1%	
Service	47%	52%	-4%	
Energy Production	37%	37%	0%	
Total Gross Margin	42%	42%	0%	
Operating Expenses				
General & administrative	2,917	2,825	92	
Selling	481	504	(23)	
Research and development	237	195	42	
Gain on disposition of assets	(20)	(3)	(17)	
Total operating expenses	3,615	3,521	94	2.7%
Operating loss	(780)	(817)	37	
Net loss	\$ (780)	\$ (856)	\$ 76	

2Q 2023 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

- EBITDA and adjusted EBITDA were both negative at \$0.58m and \$0.74m respectively

EBITDA Non-cash adjustments

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

Non-GAAP financial disclosure (in thousands)	Quarter Ended, June 30	
	2023	2022
Net loss attributable to Tecogen Inc.	\$ (780)	\$ (856)
Interest expense, net	2	13
Income tax expense	10	7
Depreciation & amortization, net	185	96
EBITDA	(583)	(740)
Stock based compensation	28	90
Unrealized gain on marketable securities	(37)	-
Adjusted EBITDA*	\$ (592)	\$ (651)

*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 2023 PERFORMANCE BY SEGMENT



Products

- Chiller margin has recovered to >37%
- Cogeneration margin ~32%



Services

- Service contracts revenue increased 29.6%
 - Existing service contract revenue increased 9.0%
- Aegis acquired contract revenue \$629K
- Service margin lower in Q2 23 due to timing of engine replacements across the service fleet.



Energy Production

- Revenue decreased 1% QoQ

2Q Revenues (\$ thousands)	2023	2022	QoQ Change %
Revenues			
Cogeneration	\$ 428	\$ 954	-55%
Chiller	1,688	1,738	-3%
Engineered accessories	330	318	4%
Total Product Revenues	2,446	3,010	-19%
Services	3,953	3,050	30%
Energy Production	350	354	-1%
Total Revenues	6,749	6,415	5%
Cost of Sales			
Products	1,619	2,015	-20%
Services	2,076	1,474	41%
Energy Production	220	222	-1%
Total Cost of Sales	3,915	3,711	5%
Gross Profit	2,834	2,703	5%
Net loss	\$ (780)	\$ (856)	
Gross Margin			
Products	34%	33%	
Services	47%	52%	
Energy Production	37%	37%	
Overall	42%	42%	
QTD Gross Margin	2023	2022	Target
Overall	42%	42%	>40%

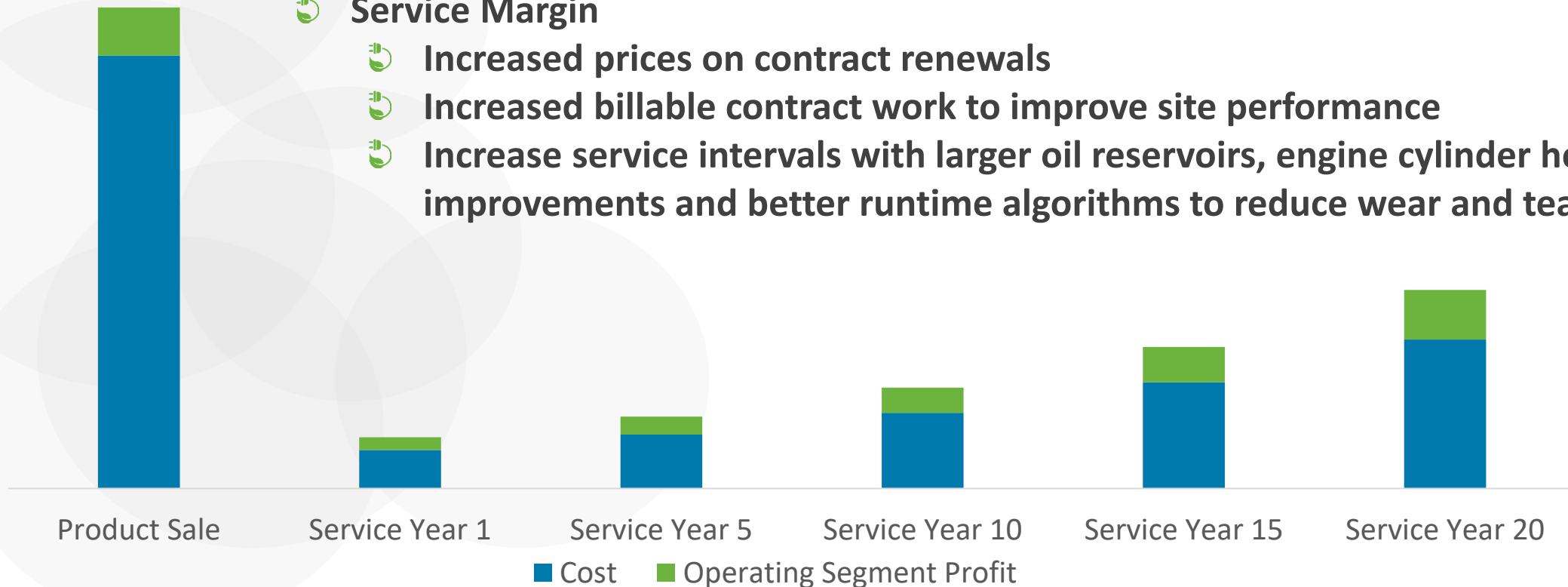
PLANS TO INCREASE MARGIN

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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