May 7, 2015

Tecogen Announces First Quarter Earnings

WALTHAM, Mass., May 7, 2015 /PRNewswire/ -- Tecogen® Inc. (NASDAQ: TGEN), a manufacturer and installer of high efficiency, *Ultra* clean combined heat and power products including natural gas engine-driven cogeneration, air conditioning systems, and high-efficiency water heaters for industrial and commercial use, reported revenues of $6,103,434 for the quarter ended March 31, 2015 compared to $4,215,757 for the same period in 2014, an increase of 45%. Gross profit increased to $2,224,975 for the quarter ended March 31, 2015 compared to $1,426,226, an increase of 56%.

Major Highlights:

Financial

- Gross margin in the first quarter 2015 increased by 8.0% to 36.5% compared to 33.8% in 2014.
- Keeping pace with growing revenues, sales backlog of equipment and installations continues at $10.9 million.
- Gross profit for the first quarter of 2015 was $2,224,975 compared to $1,426,226, for the same period in 2014.
- Consolidated net loss for the three months ended March 31, 2015 was $617,464 compared to $1,020,045 for the same period in 2014.
- Net loss per share was $0.04 and $0.07 for the three months ended March 31, 2015 and 2014, respectively.

Sales & Operations

- The Company shipped 15 InVerde modules in the quarter, the largest first quarter of the 100kW Cogeneration units since its introduction.
- Despite the unusual winter weather in our largest market, installation and service revenue in the first quarter 2015 grew by 13% to $2,565,559 compared to 2014.
- Ultra Emissions programs continued to expand:
    - Previously announced large bio-fuel engine was completed and shipped in the quarter.
    - Standardized production design for standby generator completed.
    - Patent portfolio of emission technology continued to expand with additional US patents allowed and multiple new countries allowed core emissions patent.
- Ilios orders continue to grow internationally with 2 units in the Caribbean and an additional order in the United Kingdom.
- Current Ilios orders and backlog for 2015 stands at 14 units, more than double any previous year and are on track to surpass $1.0 million dollars in revenue.

Conference Call Scheduled for Today at 10:30 am ET

Tecogen will host a conference call today to discuss the first quarter results beginning at 10:30 am ET. To listen to the call dial (888) 349-0103 within the U.S., (855) 669-9657 from Canada, or (412) 902-0129 from other international locations. Participants should ask to be joined to the Tecogen Inc. call. Please begin dialing at least 10 minutes before the scheduled starting time. The earnings press release will be available on the Company website at www.Tecogen.com in the "News and Events" section under "About Us." The conference call will be recorded and available for playback one hour after the end of the call. The earnings conference call will also be webcast live. To register for and listen to the webcast, go to http://investors.tecogen.com/webcast. Following the call, the webcast will be archived for 30 days.

About Tecogen

Tecogen manufactures, installs, and maintains high efficiency, ultra-clean combined heat and power products including natural gas engine-driven cogeneration, air conditioning systems, and high-efficiency water heaters for residential, commercial, recreational and industrial use. The company is known for cost efficient, environmentally friendly and reliable products for energy production that, through patented technology, nearly eliminate criteria pollutants and significantly reduce a building's carbon footprint.

In business for over 20 years, Tecogen has shipped more than 2,000 units, supported by an established network of engineering, sales, and service personnel across the United States. For more information, please visit www.tecogen.com.

FORWARD-LOOKING STATEMENTS This press release contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. Important factors could cause actual results to differ materially from those indicated by such forward-looking statements, as disclosed on the Company's website and in Securities and Exchange Commission filings. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

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TECOGEN INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

As of March 31, 2015 and December 31, 2014

(unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$1,983,983	$1,186,033
Short-term investments, restricted	586,055	585,702
Accounts receivable, net	5,410,044	4,750,437
Unbilled revenue	850,817	696,912
Inventory, net	3,756,152	4,090,221
Due from related party	272,408	600,251
Deferred financing costs	50,201	50,201
Prepaid and other current assets	402,031	348,868
Total current assets	13,311,691	12,308,625
Property, plant and equipment, net	627,400	658,421
Intangible assets, net	1,035,254	1,011,300
Goodwill	40,870	40,870
Deferred financing costs, net of current portion	36,607	48,990
Other assets	53,325	53,325
TOTAL ASSETS	$15,105,147	$14,121,531
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$3,097,473	$2,416,313
Accrued expenses	1,278,327	1,008,153

Deferred revenue	743,472	1,666,576
Total current liabilities	5,119,272	5,091,042
Long-term liabilities:		
Deferred revenue, net of current portion	365,133	207,153
Senior convertible promissory note, related party	3,000,000	3,000,000
Total liabilities	8,484,405	8,298,195
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 16,338,782 and 15,905,881 issued and outstanding at March 31, 2015 and December 31, 2014, respectively	16,339	15,906
Additional paid-in capital	26,536,965	25,088,213
Accumulated deficit	(19,572,488)	(18,955,023)
Total Tecogen Inc. stockholders' equity	6,980,816	6,149,096
Noncontrolling interest	(360,074)	(325,760)
Total stockholders' equity	6,620,742	5,823,336
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$15,105,147	$14,121,531

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended March 31, 2015 and 2014

(unaudited)

Three months ended March 31,

	2015	2014
Revenues		
Products	$3,537,875	$1,944,776
Services	2,565,559	2,270,981
Total revenues	6,103,434	4,215,757
Cost of sales		
Products	2,553,638	1,404,439
Services	1,324,821	1,385,092
Total cost of sales	3,878,459	2,789,531
Gross profit	2,224,975	1,426,226
Operating expenses		
General and administrative	2,187,129	1,743,992
Selling	493,674	421,620
Research and development	176,163	308,134
Total operating expenses	2,856,966	2,473,746
Loss from operations	(631,991)	(1,047,520)
Other income (expense)		
Interest and other income	9,103	3,085
Interest expense	(30,059)	(34,770)
Total other expense, net	(20,956)	(31,685)
Consolidated net loss	(652,947)	(1,079,205)
Less: Loss attributable to the non-controlling interest	35,483	59,160
Net loss attributable to Tecogen Inc.	$(617,464)	$(1,020,045)
Net loss per share - basic and diluted	$(0.04)	$(0.07)

Weighted average shares outstanding - basic and diluted16,224,642 14,796,413

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2015 and 2014

(unaudited)

	March 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	$(652,947)	$(1,079,205)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	67,239	72,258
Change in provision for allowance on accounts receivable	—	50,600
Recovery for inventory reserve	(40,000)	—
Stock-based compensation	93,254	32,491
Non-cash interest expense	12,383	13,343
Gain on sale of assets	(5,569)	—
Changes in operating assets and liabilities		
(Increase) decrease in:		
Short term investments	(353)	(647)
Accounts receivable	(659,607)	(559,604)
Unbilled revenue	(153,905)	(71,710)
Inventory, net	374,069	(129,464)
Due from related party	327,843	(306,305)

Prepaid expenses and other current assets	(53,163)	(135,875)
Other non-current assets	—	32,000
Increase (decrease) in:		
Accounts payable	681,160	(474,002)
Accrued expenses	270,174	267,898
Deferred revenue	(765,124)	452,490
Due to related party	—	(119,667)
Interest payable, related party	—	(198,450)
Net cash used in operating activities	(504,546)	(2,153,849)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12,935)	(55,964)
Proceeds from sale of assets	5,569	—
Purchases of intangible assets	(47,237)	(36,422)
Purchases of short-term investments, restricted	—	(583,073)
Net cash used in investing activities	(54,603)	(675,459)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) on demand notes payable and line of credit to related party	—	(2,950,000)
Proceeds from sale of restricted common stock, net	996,874	6,300
Proceeds from the exercise of stock options	360,225	6,000
Net cash provided by (used in) financing activities	1,357,099	(2,937,700)
Net increase (decrease) in cash and cash equivalents	797,950	(5,767,008)
Cash and cash equivalents, beginning of the period	1,186,033	7,713,899
Cash and cash equivalents, end of the period	$1,983,983	$1,946,891
Supplemental disclosures of cash flows information:		
Cash paid for interest	$30,059	$233,220

The accompanying notes are an integral part of these consolidated financial statements.

To view the original version on PR Newswire, visit: http://www.prnewswire.com/news-releases/tecogen-announces-first-quarter-earnings-300079519.html

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