

November 12, 2019



# Tecogen Announces Third Quarter 2019 Results

***Increase in Revenues of 9% Year over Year; with Growth in Chiller Sales of 94%***

**WALTHAM, MA / ACCESSWIRE / November 12, 2019** /Tecogen Inc. (NASDAQ:TGEN), a leading manufacturer of clean energy products, reported revenues of \$8,670,477 for the quarter ended September 30, 2019 compared to \$7,938,684 for the same period in 2018, a 9% increase in top line revenue. Consolidated gross profit for the third quarter of 2019 was \$2,831,241 compared to \$2,883,098 in the third quarter of 2018, a 2% decrease in overall gross profit year over year. Loss from operations for the third quarter of 2019 was \$538,183, compared to \$562,312 for the same period in 2018, an improvement of \$24,129 year over year. Net loss attributable to the Company was \$586,249 for the third quarter of 2019, compared to \$603,037 for the same period in 2018, an improvement of \$16,788, or 3% year over year.

Product revenue results were highlighted by growth in chiller sales of 94% year over year, with cogeneration sales remaining relatively constant compared to the prior year period. Total services related revenues for the third quarter of 2019 increased by 14% over the prior year period, due to certain time and material projects.

Overall gross margin for the third quarter of 2019 was 33% compared to 36% for the same period in 2018. Product gross margin was 34% for the third quarter of 2019 compared to 39% for the same period in 2018. Service gross margin was 29% in the third quarter of 2019 compared to 32% for the same period in 2018 due to the lower margins recognized on installation projects during the quarter. Energy production gross margin was 53% for the third quarter of 2019 compared to 42% for the same period in 2018.

On a combined basis, operating expenses decreased to \$3,369,424 for the third quarter of 2019 from \$3,445,410 in the third quarter of 2018, a decrease of \$75,986. Research and development costs increased by 30% to \$365,817, while selling expenses rose 15% to \$669,720. These fluctuations, along with the decrease in G&A costs of \$248,713, accounted for the net decrease in operating expenses.

Adjusted EBITDA<sup>(1)</sup>, excluding the unrealized gain or loss on marketable securities, stock-compensation expense and merger related expenses, was negative \$421,757 for the third quarter of 2019 compared to negative \$258,655 for the third quarter of 2018, a decrease of \$163,102, year over year. Adjusted EBITDA<sup>(1)</sup> for the first nine months of 2019 was positive \$51,299 compared to negative \$284,707 for the first nine months of 2018, an improvement of \$336,006. (Adjusted EBITDA is defined as net income or loss attributable to Tecogen, adjusted for interest, income taxes, depreciation and amortization, stock-based compensation expense, unrealized gain or loss on equity securities, goodwill impairment

charges and merger related expenses. See table following the statements of operations for a reconciliation from net income (loss) to Adjusted EBITDA as well as important disclosures about the company's use of Adjusted EBITDA).

"I am very happy with the growth in top line revenues for the third quarter," noted Benjamin Locke, Tecogen CEO. "We are steadily growing our chiller sales, which surpassed cogeneration sales for the first time this quarter. We expect chiller sales to continue to be strong, and we expect Tecofrost sales to contribute more to our product revenues next year. While we are disappointed in our lower than usual margins in the quarter, we believe they will return to our historic margins going forward. We have also made significant progress towards an order in excess of 3 megawatts of Inverde cogeneration equipment, which we now have included in our backlog with shipments expected in the first three quarters of 2020. We are shifting away from large turnkey installations which have lower margins, and instead are focusing on product sales, engineered accessories, and engineering support for some cogeneration projects. As a result we have removed \$8 million of installation revenues from the backlog, but have added additional product and engineered accessories sales, bringing our backlog as of November 8, 2019, to a healthy \$23 million."

## **Major Highlights:**

### *Financial*

- Chiller revenues highlighted the quarter with 94% growth and the sale of our first Tecofrost unit.
- Total revenues were \$8.7 million in the third quarter of 2019, a 9% increase from the same period in 2018.
- Energy production revenue for the quarter was \$0.6 million, a reduction from the previous year's total by \$1.5 million. This decline is due to the sale of certain energy producing assets in the first quarter of this year.
- Overall gross margin decreased from 36% to 33%, resulting in gross profit of \$2.8 million for the quarter.
- Net loss for the three months ended September 30, 2019 was \$586,249 compared to \$603,037 for the same period in 2018, an improvement of \$16,788 or 3%, year over year.
- Net loss per share was \$0.02 for both the third quarter of 2019 and 2018.
- Adjusted EBITDA<sup>(1)</sup>, excluding goodwill impairment, unrealized gain or loss on marketable equity securities, stock-compensation expense and merger related expenses, was positive \$51,299 for the nine months ended September 30, 2019 compared to negative \$284,707 for the same period in 2018, an improvement of \$336,006.
- Adjusted EBITDA<sup>(1)</sup>, excluding unrealized gain or loss on marketable equity securities, stock-compensation expense and merger related expenses, was negative \$421,757 for the third quarter of 2019 compared to negative \$258,655 for the third quarter of 2018, a decrease of \$163,102.

### *Sales & Operations*

- Sold Five STx Tecochill units to a brand new, state-of-the-art ice skating complex in the eastern US.

- Sold two 400-ton Tecochill units to a cannabis cultivation facility located in southeastern US.
- Sold additional chillers to a Connecticut university and a large New York residential building.
- Awarded a contract to supply 950 kW of Tecogen cogeneration systems to a prominent energy services company (ESCO) for eight schools in New York.
- Sold the first new Tecofrost system to a skating rink in Massachusetts.
- Expanding our manufacturer's representatives (Rep) network to address applications for our products in areas with grid resiliency concerns.
- Current sales backlog of equipment and installations as of November 8, 2019 is \$23 million, comprised of \$8 million of installation services and \$15 million of products.

### *Emissions Technology*

- **Ultera Emissions System - Forklift Truck Application.** Engineering specialists from Mitsubishi Caterpillar Forklift America Inc. (MCFA) and their engine supplier, a Japanese affiliate, visited Tecogen in October to complete the engine tuning. The work was successful in accomplishing its goal of optimizing the efficiency of the Ultera after treatment process for NOx (nitrogen oxides) removal. The data is under review by MCFA while next steps are considered.
- **Ultera Emissions System - Stationary Engines.** The Company has completed the design of an upscaled Ultera system under a contract from a municipal water pumping district in Southern California. The design, configured to match two 800-horsepower Caterpillar engines, was submitted to the district for review and subsequently accepted. Orders for the Ultera kits are expected in early 2020.
- The company received an Ultera inquiry from a second Southern California water district in September. District management expressed resistance to electrification of their gas engine pump drives and have received positive feedback from employees that had previously worked at a nearby district utilizing the Tecogen Ultera technology.
- **Ultera Emissions System - Automotive Catalyst Development.** In the first phase of a program to advance the Ultera technology for mobile applications, our research activities identified a promising catalyst material to improve performance of the Ultera process. We anticipate receiving test results from the subcontractor this month. The MCFA tuning success in reducing NOx has decreased the need for additional NOx reduction from this new catalyst material.

### **Conference Call Scheduled for Today at 11:00 am ET**

Tecogen will host a conference call today to discuss the third quarter results beginning at 11:00 am eastern time. To listen to the call dial **(877) 407-7186 within the U.S. and Canada, or (201) 689-8052 from other international locations**. Participants should ask to be joined to the Tecogen Third Quarter 2019 earnings call. Please begin dialing 10 minutes before the scheduled starting time. The earnings press release will be available on the Company website at [www.Tecogen.com](http://www.Tecogen.com) in the "News and Events" section under "About Us." The earnings conference call will be webcast live. To view the associated slides, register for and listen to the webcast, go to <https://ir.tecogen.com/ir.calendar>. Following the call, the webcast will be archived for 14 days.

The earnings conference call will be recorded and available for playback one hour after the end of the call. To listen to the playback, dial **(877) 660-6853 within the U.S. and Canada**

or (201) 612-7415 from other international locations and use Conference Call ID#: 13672659.

## About Tecogen

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

In business for over 35 years, Tecogen has shipped more than 3,000 units, supported by an established network of engineering, sales, and service personnel across the United States. For more information, please visit [www.tecogen.com](http://www.tecogen.com) or contact us for a free Site Assessment.

Tecogen, InVerde e+, Ilios, Tecochill, Tecopower, Tecofrost and Ultera are registered or pending trademarks of Tecogen Inc.

## Forward Looking Statements

This press release and any 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 press release 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.

## **Tecogen Media & Investor Relations Contact Information:**

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## **TECOGEN INC.** **CONDENSED CONSOLIDATED BALANCE SHEETS** (unaudited)

|                                                                                                                                                                            | <b>September<br/>30, 2019</b> | <b>December<br/>31,<br/>2018</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------|
| <b>ASSETS</b>                                                                                                                                                              |                               |                                  |
| Current assets:                                                                                                                                                            |                               |                                  |
| Cash and cash equivalents                                                                                                                                                  | \$ 780,740                    | \$ 272,552                       |
| Accounts receivable, net                                                                                                                                                   | 13,049,383                    | 14,176,452                       |
| Unbilled revenue                                                                                                                                                           | 5,058,634                     | 4,893,259                        |
| Inventory, net                                                                                                                                                             | 7,058,466                     | 6,294,862                        |
| Due from related party                                                                                                                                                     | -                             | 9,405                            |
| Prepaid and other current assets                                                                                                                                           | 644,821                       | 722,042                          |
| Total current assets                                                                                                                                                       | 26,592,044                    | 26,368,572                       |
| Property, plant and equipment, net                                                                                                                                         | 3,603,709                     | 11,273,115                       |
| Right of use assets                                                                                                                                                        | 2,294,951                     | -                                |
| Intangible assets, net                                                                                                                                                     | 1,572,085                     | 2,893,990                        |
| Goodwill                                                                                                                                                                   | 5,281,867                     | 8,975,065                        |
| Other assets                                                                                                                                                               | 609,666                       | 393,651                          |
| <b>TOTAL ASSETS</b>                                                                                                                                                        | <b>\$ 39,954,322</b>          | <b>\$ 49,904,393</b>             |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                |                               |                                  |
| Current liabilities:                                                                                                                                                       |                               |                                  |
| Revolving line of credit, bank                                                                                                                                             | \$ 940,576                    | \$ 2,009,435                     |
| Accounts payable                                                                                                                                                           | 6,487,743                     | 7,153,330                        |
| Accrued expenses                                                                                                                                                           | 2,015,111                     | 1,528,014                        |
| Deferred revenue                                                                                                                                                           | 1,596,416                     | 2,507,541                        |
| Lease obligations, current                                                                                                                                                 | 530,481                       | -                                |
| Total current liabilities                                                                                                                                                  | 11,570,327                    | 13,198,320                       |
| Long-term liabilities:                                                                                                                                                     |                               |                                  |
| Deferred revenue, net of current portion                                                                                                                                   | 157,215                       | 2,375,700                        |
| Lease obligations, long-term                                                                                                                                               | 1,764,470                     | -                                |
| Unfavorable contract liability, net                                                                                                                                        | 2,644,658                     | 6,292,599                        |
| Total liabilities                                                                                                                                                          | 16,136,670                    | 21,866,619                       |
| Commitments and contingencies (Note 11)                                                                                                                                    |                               |                                  |
| Stockholders' equity:                                                                                                                                                      |                               |                                  |
| Tecogen Inc. stockholders' equity:                                                                                                                                         |                               |                                  |
| Common stock, \$0.001 par value; 100,000,000 shares authorized; 24,843,261 and 24,824,746 issued and outstanding at September 30, 2019 and December 31, 2018, respectively | 24,843                        | 24,825                           |
| Additional paid-in capital                                                                                                                                                 | 56,573,920                    | 56,427,928                       |
| Accumulated deficit                                                                                                                                                        | (32,893,550)                  | (28,670,095)                     |
| Total Tecogen Inc. stockholders' equity                                                                                                                                    | 23,705,213                    | 27,782,658                       |
| Noncontrolling interest                                                                                                                                                    | 112,439                       | 255,116                          |
| Total stockholders' equity                                                                                                                                                 | 23,817,652                    | 28,037,774                       |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                          | <b>\$ 39,954,322</b>          | <b>\$ 49,904,393</b>             |

**TECOGEN INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

|                                                         | <b>Three Months Ended</b>     |                               |
|---------------------------------------------------------|-------------------------------|-------------------------------|
|                                                         | <b>September<br/>30, 2019</b> | <b>September<br/>30, 2018</b> |
| Revenues                                                |                               |                               |
| Products                                                | \$ 3,790,291                  | \$ 2,765,094                  |
| Services                                                | 4,248,584                     | 3,713,770                     |
| Energy production                                       | 631,602                       | 1,459,820                     |
| Total revenues                                          | <u>8,670,477</u>              | <u>7,938,684</u>              |
| Cost of sales                                           |                               |                               |
| Products                                                | 2,515,605                     | 1,695,347                     |
| Services                                                | 3,029,702                     | 2,517,210                     |
| Energy production                                       | 293,929                       | 843,029                       |
| Total cost of sales                                     | <u>5,839,236</u>              | <u>5,055,586</u>              |
| Gross profit                                            | <u>2,831,241</u>              | <u>2,883,098</u>              |
| Operating expenses                                      |                               |                               |
| General and administrative                              | 2,333,887                     | 2,582,600                     |
| Selling                                                 | 669,720                       | 581,716                       |
| Research and development                                | 365,817                       | 281,094                       |
| Total operating expenses                                | <u>3,369,424</u>              | <u>3,445,410</u>              |
| Loss from operations                                    | <u>(538,183)</u>              | <u>(562,312)</u>              |
| Other income (expense)                                  |                               |                               |
| Interest income                                         | 192                           | 4,168                         |
| Interest expense                                        | (18,516)                      | (33,380)                      |
| Unrealized gain (loss) on investment securities         | -                             | 19,681                        |
| Total other income (expense), net                       | <u>(18,324)</u>               | <u>(9,531)</u>                |
| Loss before provision for state income taxes            | <u>(556,507)</u>              | <u>(571,843)</u>              |
| Provision for state income taxes                        | 7,881                         | 3,815                         |
| Consolidated net loss                                   | <u>(564,388)</u>              | <u>(575,658)</u>              |
| Income attributable to the noncontrolling interest      | <u>(21,861)</u>               | <u>(27,379)</u>               |
| Net loss attributable to Tecogen Inc.                   | <u>\$ (586,249)</u>           | <u>\$ (603,037)</u>           |
| Net loss per share - basic and diluted                  | <u>\$ (0.02)</u>              | <u>\$ (0.02)</u>              |
| Weighted average shares outstanding - basic and diluted | <u>24,843,177</u>             | <u>24,819,056</u>             |
| <b>Non-GAAP financial disclosure (1)</b>                |                               |                               |
| Net loss attributable to Tecogen Inc.                   | \$ (586,249)                  | \$ (603,037)                  |
| Interest expense, net                                   | 18,324                        | 29,212                        |
| Income taxes                                            | 7,881                         | 3,815                         |
| Depreciation & amortization, net                        | 95,616                        | 199,938                       |
| EBITDA                                                  | <u>(464,428)</u>              | <u>(370,072)</u>              |
| Stock based compensation                                | 42,671                        | 55,330                        |
| Unrealized (gain) loss on investment securities         | -                             | (19,681)                      |
| Merger related expenses                                 | -                             | 75,768                        |
| Adjusted EBITDA                                         | <u>\$ (421,757)</u>           | <u>\$ (258,655)</u>           |

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

|                                                           | <b>Nine Months Ended</b>      |                               |
|-----------------------------------------------------------|-------------------------------|-------------------------------|
|                                                           | <b>September<br/>30, 2019</b> | <b>September<br/>30, 2018</b> |
| Revenues                                                  |                               |                               |
| Products                                                  | \$ 9,260,265                  | \$ 8,922,257                  |
| Services                                                  | 13,003,529                    | 12,894,439                    |
| Energy production                                         | 2,450,710                     | 4,750,580                     |
| Total revenues                                            | <u>24,714,504</u>             | <u>26,567,276</u>             |
| Cost of sales                                             |                               |                               |
| Products                                                  | 6,005,819                     | 5,596,272                     |
| Services                                                  | 8,034,410                     | 8,262,104                     |
| Energy production                                         | 1,458,360                     | 2,828,405                     |
| Total cost of sales                                       | <u>15,498,589</u>             | <u>16,686,781</u>             |
| Gross profit                                              | <u>9,215,915</u>              | <u>9,880,495</u>              |
| Operating expenses                                        |                               |                               |
| General and administrative                                | 7,672,550                     | 8,122,856                     |
| Selling                                                   | 2,067,674                     | 1,892,229                     |
| Research and development                                  | 1,083,444                     | 993,102                       |
| Gain on sale of assets                                    | (1,081,049)                   | -                             |
| Goodwill impairment                                       | 3,693,198                     | -                             |
| Total operating expenses                                  | <u>13,435,817</u>             | <u>11,008,187</u>             |
| Loss from operations                                      | <u>(4,219,902)</u>            | <u>(1,127,692)</u>            |
| Other income (expense)                                    |                               |                               |
| Interest income                                           | 790                           | 7,926                         |
| Interest expense                                          | (63,547)                      | (56,195)                      |
| Unrealized loss on investment securities                  | (19,680)                      | (59,042)                      |
| Total other expense, net                                  | <u>(82,437)</u>               | <u>(107,311)</u>              |
| Loss before provision for state income taxes              | <u>(4,302,339)</u>            | <u>(1,235,003)</u>            |
|                                                           | 15,667                        | 42,679                        |
| Consolidated net loss                                     | <u>(4,318,006)</u>            | <u>(1,277,682)</u>            |
| (Income) loss attributable to the noncontrolling interest | 94,551                        | (58,946)                      |
| Net loss attributable to Tecogen Inc.                     | <u>\$ (4,223,455)</u>         | <u>(1,336,628)</u>            |
| Net loss per share - basic and diluted                    | <u>\$ (0.17)</u>              | <u>\$ (0.05)</u>              |
| Weighted average shares outstanding - basic and diluted   | <u>24,838,367</u>             | <u>24,813,936</u>             |
| <b>Non-GAAP financial disclosure (1)</b>                  |                               |                               |
| Net loss attributable to Tecogen Inc.                     | \$ (4,223,455)                | \$ (1,336,628)                |
| Interest & other expense, net                             | 62,757                        | 48,269                        |
| Income taxes                                              | 15,667                        | 42,679                        |
| Depreciation & amortization, net                          | 362,848                       | 586,188                       |
| EBITDA                                                    | <u>(3,782,183)</u>            | <u>(659,492)</u>              |
| Stock based compensation                                  | 120,604                       | 133,808                       |
| Unrealized (gain) loss on marketable securities           | 19,680                        | 59,042                        |
| Merger related expenses                                   | -                             | 181,935                       |
| Goodwill impairment                                       | 3,693,198                     | -                             |
| Adjusted EBITDA                                           | <u>\$ 51,299</u>              | <u>\$ (284,707)</u>           |

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

|                                                                                    | <b>Nine Months Ended</b>      |                               |
|------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                                                    | <b>September<br/>30, 2019</b> | <b>September<br/>30, 2018</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                       |                               |                               |
| Consolidated net loss                                                              | \$ (4,318,006 )               | \$ (1,277,682 )               |
| <i>Adjustments to reconcile net loss to net cash used in operating activities:</i> |                               |                               |
| Depreciation, accretion and amortization, net                                      | 362,848                       | 586,188                       |
| Gain on contract termination                                                       | -                             | (124,732 )                    |
| Provision on inventory reserve                                                     | -                             | 1,000                         |
| Stock-based compensation                                                           | 120,604                       | 133,808                       |
| Goodwill impairment                                                                | 3,693,198                     | -                             |
| (Gain) loss on sale of assets                                                      | (1,081,049 )                  | 13,343                        |
| Provision for losses on accounts receivable                                        | 29,849                        | 4,395                         |
| Non-cash interest expense                                                          | 36,252                        | -                             |
| <i>Changes in operating assets and liabilities, net of effects of acquisitions</i> |                               |                               |
| (Increase) decrease in:                                                            |                               |                               |
| Accounts receivable                                                                | 1,097,220                     | (1,840,150 )                  |
| Unbilled revenue                                                                   | (165,375 )                    | (245,892 )                    |
| Inventory                                                                          | (763,604 )                    | (853,262 )                    |
| Due from related party                                                             | 9,405                         | 585,492                       |
| Prepaid expenses and other current assets                                          | (19,586 )                     | (43,743 )                     |
| Other non-current assets                                                           | (216,015 )                    | 54,741                        |
| Increase (decrease) in:                                                            |                               |                               |
| Accounts payable                                                                   | (665,587 )                    | (262,925 )                    |
| Accrued expenses and other current liabilities                                     | (203,262 )                    | 779,945                       |
| Deferred revenue                                                                   | (1,142,575 )                  | 185,059                       |
| Interest payable, related party                                                    | -                             | (52,265 )                     |
| Net cash used in operating activities                                              | <u>(3,225,683 )</u>           | <u>(2,356,680 )</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                       |                               |                               |
| Purchases of property and equipment                                                | (73,642 )                     | (273,814 )                    |
| Proceeds from sale of assets                                                       | 5,000,000                     | 3,606                         |
| Purchases of intangible assets                                                     | (64,656 )                     | (203,648 )                    |
| Cash acquired in asset acquisition                                                 | -                             | 442,746                       |
| Expenses associated with asset acquisition                                         | -                             | (900 )                        |
| Payment of stock issuance costs                                                    | (1,011 )                      | (908 )                        |
| Distributions to noncontrolling interest                                           | (48,127 )                     | (68,950 )                     |
| Net cash provided by (used in) investing activities                                | <u>4,812,564</u>              | <u>(101,868 )</u>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                       |                               |                               |
| Proceeds (payments) on revolving line of credit, net                               | (1,105,111 )                  | 1,853,899                     |
| Payments for debt issuance costs                                                   | -                             | (145,011 )                    |
| Proceeds from the exercise of stock options                                        | 26,418                        | 63,305                        |
| Payment on loan due to related party                                               | -                             | (850,000 )                    |
| Net cash provided by (used in) financing activities                                | <u>(1,078,693 )</u>           | <u>922,193</u>                |
| Change in cash and cash equivalents                                                | 508,188                       | (1,536,355 )                  |
| Cash and cash equivalents, beginning of the period                                 | 272,552                       | 1,673,072                     |
| Cash and cash equivalents, end of the period                                       | <u>\$ 780,740</u>             | <u>\$ 136,717</u>             |
| <b>Supplemental disclosures of cash flows information:</b>                         |                               |                               |
| Cash paid for interest                                                             | <u>\$ 24,729</u>              | <u>\$ 112,460</u>             |
| Cash paid for taxes                                                                | <u>\$ 29,205</u>              | <u>\$ 44,864</u>              |

### **(1) Non-GAAP Financial Measures**

*In addition to reporting net income, a U.S. generally accepted accounting principle ("GAAP") measure, this news release contains information about Adjusted EBITDA (net income (loss) attributable to Tecogen Inc adjusted for interest, income taxes, depreciation and amortization, stock based compensation expense, unrealized gain or loss on investment securities, goodwill impairment charges and merger related expenses), which is a non-GAAP measure. The Company believes Adjusted EBITDA allows investors to view its performance in a manner similar to the methods used by management and provides additional insight into*



*its operating results. Adjusted EBITDA is not calculated through the application of GAAP. Accordingly, it should not be considered as a substitute for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.*

**SOURCE:** Tecogen, Inc.

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