



OTCQX: TGEN

EARNINGS CALL AUGUST 8, 2024

Q2 2024

MANAGEMENT

- Abinand Rangesh – CEO
- 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



-  Data Center Solutions
-  2Q 2024 Results
-  Summary
-  Q&A



DATA CENTERS – CHILLER SOLUTION



- 💡 2000 tons of cooling per data center
 - 💡 5 to 6 chillers in a container
 - 💡 Plug and Play
- 💡 Power constraints
 - 💡 Frees up 30% or more of a data center's power needs
 - 💡 Modular for easy future expansion
- 💡 Lead time
 - 💡 Solution can be deployed within 6 months
- 💡 Water usage
 - 💡 Can minimize water usage with dry coolers

DATA CENTERS – POWER GEN

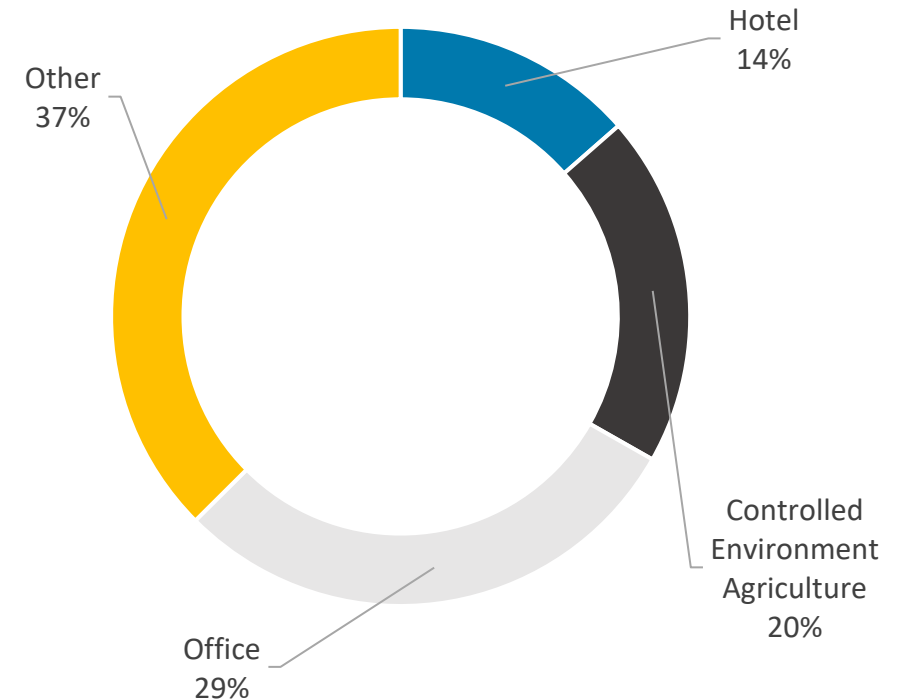


- 🔌 Up to 2MW Inverde per data center
 - 🔌 Plug and Play
 - 🔌 Modular for easy future expansion
 - 🔌 Quiet
 - 🔌 Ultra clean emissions
- 🔌 Power constraints
 - 🔌 Bridges utility power
 - 🔌 Can operate off-grid or in parallel with grid
- 🔌 Lead time
 - 🔌 Solution can be deployed within 12 months
 - 🔌 Avoids expensive and long lead time medium and high voltage switchgear

BACKLOG AND CASH

- Backlog is presently \$6m
- Additional \$7m of projects expected to close in 1 to 3 months**
- Cash position \$841k at quarter end and \$1.1m presently
- Cashflow positive from operations in H1, \$598k investments in property plant and equipment
- Additional \$500k drawn from credit line in July. \$500k remaining with additional \$500k at discretion of board member

Backlog by Customer Type



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 2024 RESULTS



Key Points

- Revenue = \$4.7m down 30% due to factory move
- Net loss of \$0.06/share
- Net loss \$1.5m
- Opex \$3.55m (1.7% decrease)
 - Includes double rent (April)
 - Includes one off testing costs for air-cooled chiller
 - Includes move costs (\$100k)
- Gross Margin up 2%
- Cash and equivalents balance of \$841k

<i>\$ in thousands</i>	2Q'24	2Q'23	QoQ Change	%
Revenues				
Products	\$ 120	\$ 2,446	\$ (2,326)	
Services	4,127	3,953	174	
Energy Production	482	350	131	
Total Revenue	4,728	6,749	(2,021)	-29.9%
Gross Profit				
Products	(52)	827	(879)	
Service	1,935	1,877	58	
Energy Production	197	130	67	
Total Gross Profit	2,079	2,834	(755)	-26.6%
Gross Margin: %				
Products	-44%	34%	-78%	
Service	47%	47%	-1%	
Energy Production	41%	37%	4%	
Total Gross Margin	44%	42%	2%	
Operating Expenses				
General & administrative	2,898	2,917	(19)	
Selling	405	481	(76)	
Research and development	246	237	10	
(Gain) loss on disposition of assets	3	(20)	23	
Total operating expenses	3,553	3,615	(62)	-1.7%
Operating loss	(1,474)	(780)	(694)	
Net loss	\$ (1,539)	\$ (780)	\$ (759)	

2Q 2024 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

- EBITDA and adjusted EBITDA loss was \$1.4m and \$1.3m 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	
	2024	2023
Net loss attributable to Tecogen Inc.	(1,539)	\$ (780)
Interest expense, net	18	2
Income tax expense	0	10
Depreciation & amortization, net	141	185
EBITDA	(1,380)	(583)
Stock based compensation	45	28
Unrealized gain on marketable securities	37	(37)
Adjusted EBITDA *	\$ (1,297)	\$ (592)

*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 24 PERFORMANCE BY SEGMENT

-  Product revenue close to zero due to factory move
 -  Warranty costs and unabsorbed labor caused negative margin
-  Service revenue increased 4% QoQ
 - Still catching up on engine replacements due to supply chain disruption during covid
-  Energy Production revenue increased 37% QoQ
 -  New sites added
 -  Working on renewing additional sites
-  Gross Margin 44%

2Q Revenues (\$ thousands)	2024	2023	QoQ Change %
Revenues			
Cogeneration	\$ 120	\$ 428	-72%
Chiller	-	1,688	-100%
Engineered accessories	-	330	-100%
Total Product Revenues	120	2,446	-95%
Services Revenues	4,127	3,953	4%
Energy Production	482	350	38%
Total Revenues	4,728	6,749	-30%
Cost of Sales			
Products	172	1,619	-89%
Services	2,192	2,076	6%
Energy Production	285	220	30%
Total Cost of Sales	2,649	3,915	-32%
Gross Profit	\$ 2,079	\$ 2,834	-27%
Gross Margin			
Products	-43%	34%	
Services	47%	47%	
Energy Production	41%	37%	
Overall	44%	42%	
QTD Gross Margin	2024	2023	Target
Overall	44%	42%	>40%

SUMMARY AND Q&A

- 🔌 Factory Move
 - 🔌 Back to production in Q3
- 🔌 Service – Foundation of the business
 - 🔌 Price increases to restore margin
 - 🔌 Continue to add units to the fleet
- 🔌 Product Sales
 - 🔌 Get the current projects in development closed
 - 🔌 Continue to expand into CEA, data centers, industrial and other new markets

Company Information

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