







OTCQX: TGEN

Q3 2022 EARNINGS CALL

NOVEMBER 10, 2022

MANAGEMENT

-  Benjamin Locke - CEO
-  Abinand Rangesh – CFO & Treasurer
-  Robert Panora – COO & President
-  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
-  3Q 2022 Results
-  Earnings Takeaways
-  Company Update
-  Q&A



3,000+
Units Shipped

Providing resiliency and energy savings with a cleaner environmental footprint



POWER GENERATION + RESILIENCY

Modular microgrids for energy savings, greenhouse gas (GHG) reductions and resiliency to grid outages



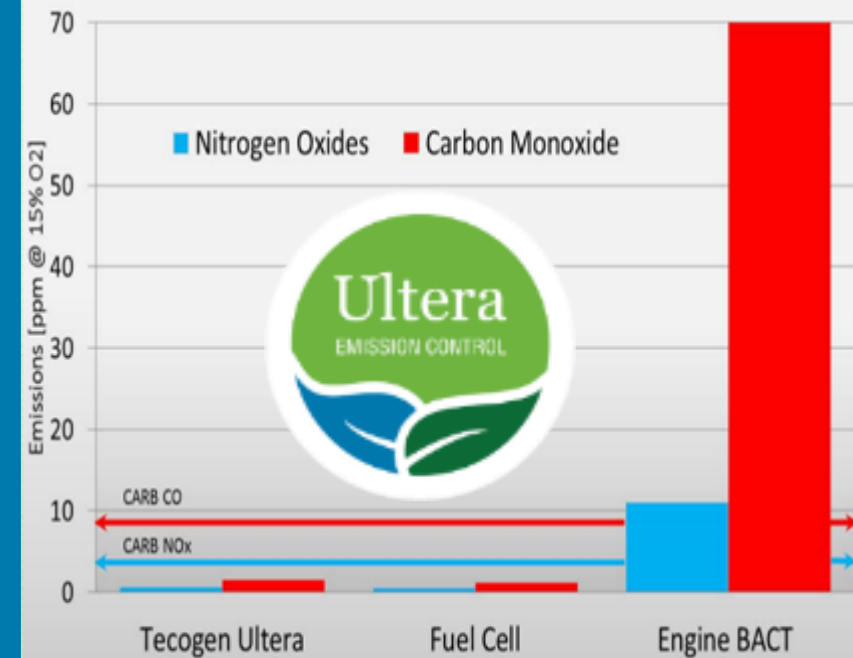
LOW CARBON INDOOR AGRICULTURE

Boosting plant growth with CO₂ exhaust recycling and our Ultra® Emissions system



CLEAN COOLING

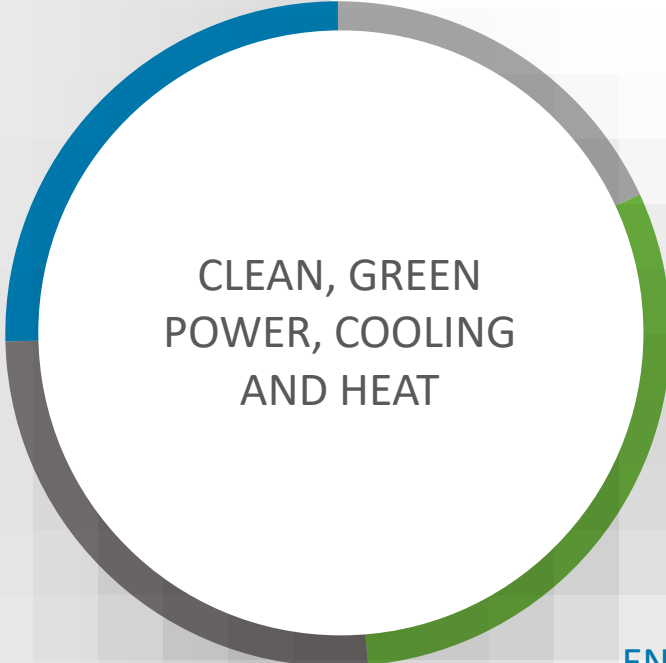
Chillers with lower operating cost and lower greenhouse gas footprint compared to competing chillers



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.

ENERGY SALES

We sell electrical energy and thermal energy produced by our equipment onsite at customer facilities.

3Q 2022 RESULTS

Highlights

- Net loss of \$-0.01/share Q3 2022
- Net loss \$257k
- Cash and equivalents balance of \$2.9 million

Revenue = \$6.6 million

- Compared to \$5 million in 3Q '21, 32% increase
- All segments up

Gross Margin of 44% due to higher cost of material

Op Ex = \$3.11 million

Operating Loss \$214k

Net Loss of \$257k

<i>\$ in thousands</i>	3Q' 22	3Q' 21	Change	%
Revenue				
Products	\$ 3,207	\$ 1,871	\$ 1,335	
Service	3,079	2,830	248	
Energy Production	333	315	17	
Total Revenue	6,618	5,016	1,602	31.9%
Gross Profit				
Products	1,132	835	298	
Service	1,596	1,362	234	
Energy Production	165	145	20	
Total Gross Profit	2,893	2,342	551	23.5%
Gross Margin: %				
Products	35%	45%	-9%	
Service	52%	48%	4%	
Energy Production	49%	46%	3%	
Total Gross Margin	44%	47%	-3%	
Operating Expenses				
General & administrative	2,343	2,473	(130)	
Selling	568	657	(89)	
Research and development	202	122	80	
Total operating expenses	3,108	3,252	(139)	-4.3%
Operating profit (loss)	(214)	(910)	696	76.5%
Net Income (loss)	\$ (257)	\$ 1,467	\$ (1,723)	-117.5%

3Q 2022 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA and adjusted EBITDA were a loss of \$141k and \$72k, respectively

EBITDA Non-cash adjustments

- Gain on extinguishment of debt
- Stock based compensation
- Unrealized loss on marketable securities

Non-GAAP financial disclosure (in thousands)	Quarter Ended, Sept 30	
	2022	2021
Net income (loss) attributable to Tecogen Inc.	\$ (257)	\$ 1,467
Interest expense, net	2	9
Income tax expense	6	3
Depreciation & amortization, net	107	116
EBITDA	(141)	1,595
Gain on extinguishment of debt	-	(1,886)
Stock based compensation	69	57
Unrealized loss on marketable securities	-	37
Adjusted EBITDA*	\$ (72)	\$ (197)

*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

3Q 22 PERFORMANCE BY SEGMENT

Product Revenue increased 71% QoQ

- 329% gain in chiller revenues

Service Revenue increased 9% QoQ

- Installation services down 100% QoQ
- Service contracts (O&M) up 11% QoQ
- Services Gross Margin at 52%

Energy Production Revenue increased 6% QoQ

Gross Margin 44%

(\$ thousands)	3Q' 2022	3Q' 2021	Change %
Revenues			
Cogeneration	\$ 1,548	\$ 1,446	7%
Chiller	1,642	383	329%
Engineered accessories	16	42	-61%
Total Product Revenues	3,207	1,871	71%
Service Contracts	3,079	2,767	11%
Installation Services	-	63	-100%
Total Service Revenues	3,079	2,830	9%
Energy Production	333	315	6%
Total Revenues	6,618	5,016	32%
Cost of Sales			
Products	2,074	1,036	100%
Services	1,482	1,467	1%
Energy Production	168	171	-2%
Total Cost of Sales	3,725	2,674	39%
Gross Profit	2,893	2,342	24%
Net income (loss)	\$ (257)	\$ 1,467	
Gross Margin			
Products	35%	45%	
Services	52%	48%	
Energy Production	50%	47%	
Overall	44%	46%	

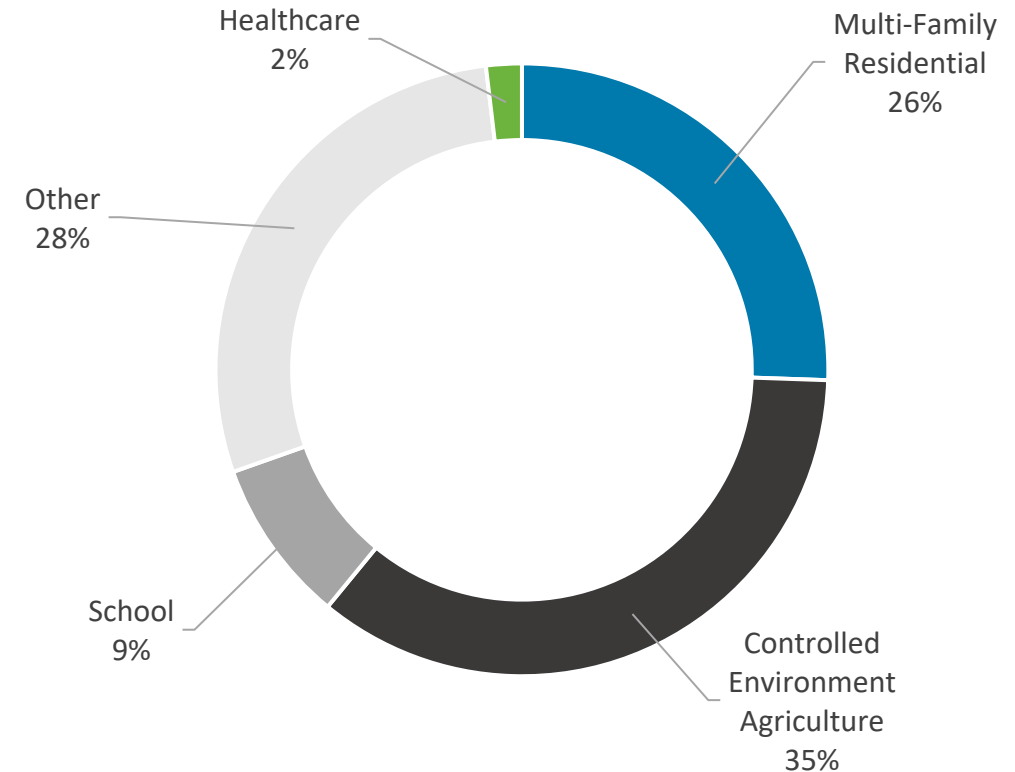
Gross Margin	2022	2021	Target
Overall	44%	46%	>40%

3Q' 22 EARNINGS TAKEAWAYS

Q3 Revenues up 32% over Q3 2021

- 3Q Product Revenue \$3.2 mm – 71% increase vs. 3Q-21
- Price increases ongoing to address higher manufacturing costs
- Continued progress in controlled environment agriculture, Multi-family residential, schools/municipalities
- New sales partner relationships established in 2022 have resulted in orders in Q3 and Q4
- New Investment Tax Credit (ITC) upwards of 40% will help create new sales
- Collaboration with GTI for testing of new Hybrid Drive chiller
- 3Q ending backlog of \$6.9 million. Current backlog at \$9.35 million

Backlog by Customer Type



ENABLING LOW CARBON AGRICULTURE



Using smart computer algorithms, our **Cogeneration + Hybrid drive chiller** will blend utility or **solar power** with engine power to choose the greenest and lowest cost source of energy.

Offers significant operating savings, precision climate control, resiliency, and GHG reductions.



CEA Benefits:

- ✓ 90% less land and water usage
- ✓ Avoids the use of fertilizers made from fossil fuels
- ✓ 100% Organic with no harmful pesticides

COMPARED TO THE ALTERNATIVES

	Indoor Agriculture with Grow lights	 NetZero Greens <small>Locally grown produce that's good for the environment</small>	Outdoor Agriculture
Energy Intensity	High	Net Zero Target	Low
Embedded CO ₂ due to Transportation	Low	Low	High
Off-Grid Operation	No	Yes	No
Crop Cycles Per year	>15	>15	1 to 2
Water Usage	Low	Low	High

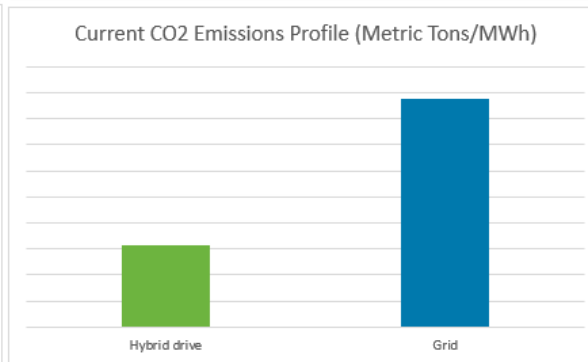
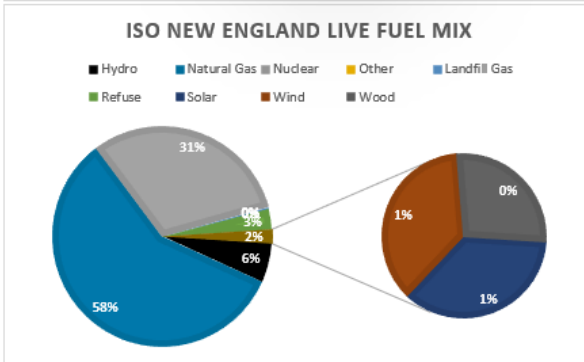
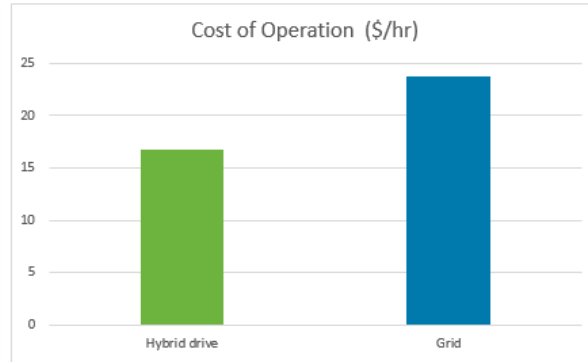
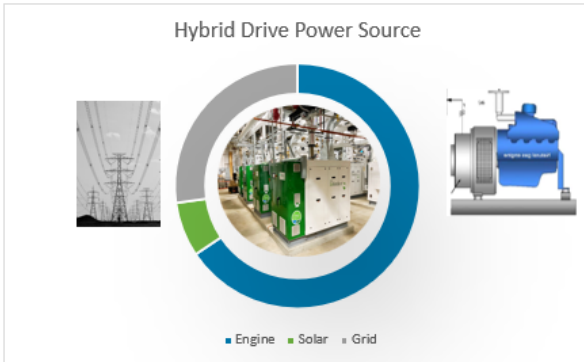
NetZero Greens

Real Time Optimization



Optimize for GHG Savings

Current engine power	82 KW
Current heat generated	164 KW
CO2 reuse	6.56 lbs/hr
Current solar output	9 KW
Grid Power Into Hybrid Drive	34 KW



DEVELOPMENT PLAN

- ✓ **Phase 1** – Prototype energy solution and due diligence for pilot grow facility
- ✓ **Phase 2** – Partnership with growers and financiers
- ✓ **Phase 3** – Replicate and scale for commercial operations

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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