



OTCQX: TGEN

EARNINGS CALL MAY 11, 2023

Q1 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**

 **1Q 2023 Results**

 **Q&A**



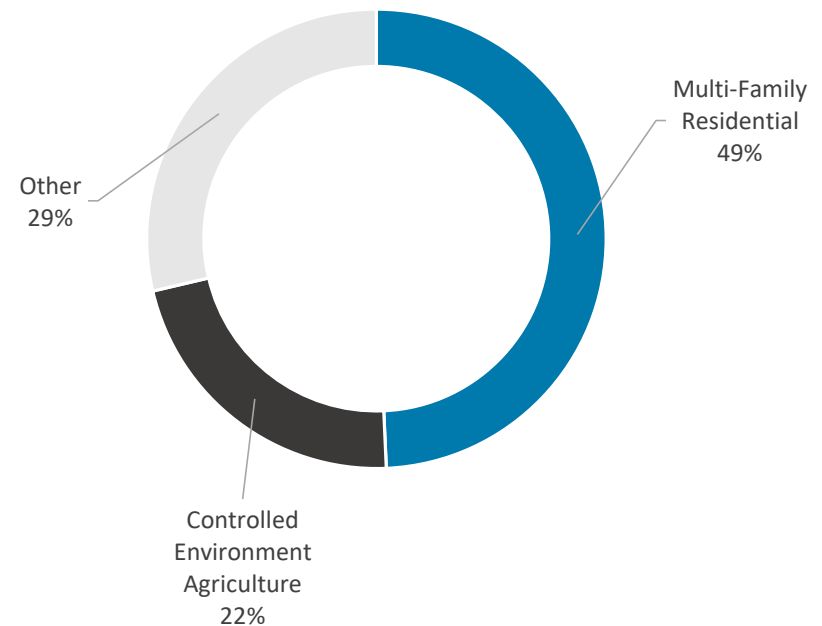


PROGRESS UPDATE



- 🌱 Q1 23 Revenue was 28% lower than Q1 22 but 35% higher than Q4 2022
- 🌱 Expect every subsequent quarter in 2023 to have higher revenue than the previous quarter
- 🌱 Backlog at Q1 is \$7.1m
- 🌱 Not included in backlog are some large projects with a total of >20 engines. Optimistic about these projects shipping later in year.
- 🌱 Cash position stable at \$1.6m at quarter end and \$2.1m presently
- 🌱 Strong customer interest for hybrid chiller. Expect first PO by August
- 🌱 No Debt

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

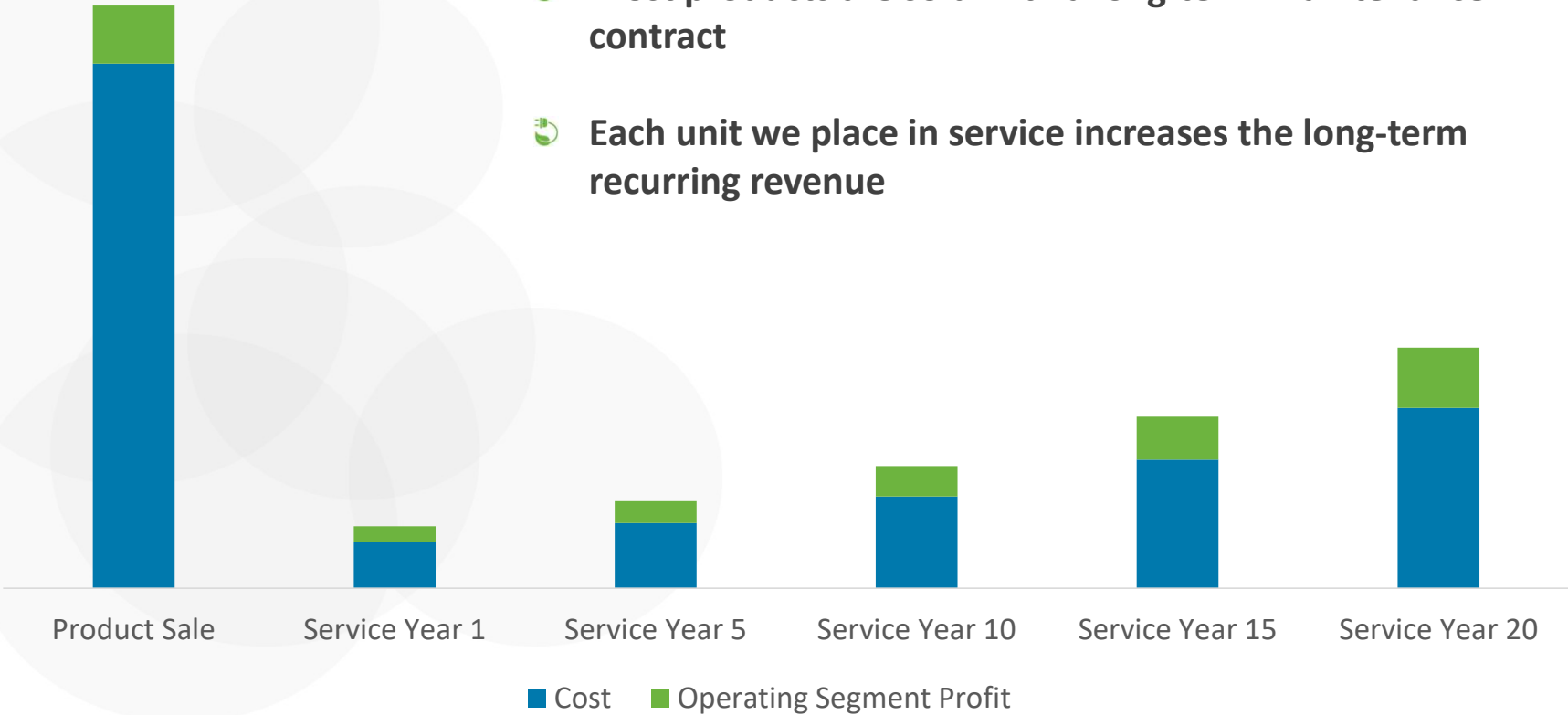
We sell electrical energy and thermal energy produced by our equipment onsite at customer facilities.



BUSINESS MODEL



-  Most products are sold with a long-term maintenance contract
-  Each unit we place in service increases the long-term recurring revenue



1Q 2023 RESULTS



Key Points

- Net loss of \$0.06/share Q1 2023
- Net Loss \$1.5m
- Cash and equivalents balance of \$1.6 million

Revenue = \$5.4 million, down 25% from Q1 22

Gross Profit = \$2.1 million, down 32% from Q1 22

Op Ex = \$3.5 million

<i>\$ in thousands</i>	1Q'23	1Q'22	QoQ Change	%
Revenue				
Products	\$ 1,710	\$ 3,939	\$ (2,229)	
Service	3,136	2,917	219	
Energy Production	534	582	(48)	
Total Revenue	5,380	7,438	(2,059)	-27.7%
Gross Profit				
Products	498	1,295	(797)	
Service	1,399	1,551	(152)	
Energy Production	196	246	(50)	
Total Gross Profit	2,092	3,091	(999)	-32.3%
Gross Margin: %				
Products	29%	33%	-4%	
Service	45%	53%	-9%	
Energy Production	37%	42%	-6%	
Total Gross Margin	39%	42%	-3%	
Operating Expenses				
General & administrative	2,792	2,474	319	
Selling	520	501	19	
Research and development	229	140	89	
Impairment and other expenses	-	(105)	105	
Total operating expenses	3,542	3,010	532	17.7%
Operating profit (loss)	(1,450)	81	(1,531)	
Net Income (loss)	\$ (1,490)	\$ 89	\$ (1,579)	

1Q 2023 ADJUSTED EBITDA RECONCILIATION



EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

- EBITDA and adjusted EBITDA were both negative at \$1.36m and \$1.28m respectively

EBITDA Non-cash adjustments

- Stock based compensation
- Unrealized and realized (gain) loss on investment securities
- Other non-recurring charges or gains

Non-GAAP financial disclosure (in thousands)	Quarter Ended, March 31	
	2023	2022
Net income (loss) attributable to Tecogen Inc.	\$ (1,490)	\$ 89
Interest expense, net	-	1
Income tax expense	23	4
Depreciation & amortization, net	106	107
EBITDA	(1,361)	201
Stock based compensation	77	96
Unrealized gain on marketable securities	-	(37)
Gain on disposition of assets	-	(34)
Gain on termination of unfavorable contract liability	-	(71)
Adjusted EBITDA*	\$ (1,284)	\$ 154

*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

1Q 2023 PERFORMANCE BY SEGMENT



Products

- Chiller margin has recovered to >40%
- Cogeneration margin caused the overall reduction in product margin due to supply contract from 2022 with existing customer. Current pricing going forward.

Services

- Service contracts revenue increased 8%
- Service margin lower in Q1 23 due to timing of engine replacements in Ontario.

Energy Production

- Revenue decreased 8% QoQ

1Q Revenues (\$ thousands)	2023	2022	QoQ Change %
Revenues			
Cogeneration	\$ 544	\$ 2,174	-75%
Chiller	1,069	1,607	-33%
Engineered accessories	97	158	-39%
Total Product Revenues	1,710	3,939	-57%
Service Contracts	3,136	2,897	8%
Installation Services	-	20	-100%
Total Service Revenues	3,136	2,917	8%
Energy Production	534	582	-8%
Total Revenues	5,380	7,438	-28%
Cost of Sales			
Products	1,212	2,645	-54%
Services	1,738	1,367	27%
Energy Production	338	336	1%
Total Cost of Sales	3,288	4,348	-24%
Gross Profit	2,092	3,091	-32%
Net income (loss)	\$ (1,490)	\$ 89	
Gross Margin			
Products	29%	33%	
Services	45%	53%	
Energy Production	37%	42%	
Overall	39%	42%	
QTD Gross Margin	2022	2022	Target
Overall	39%	42%	>40%

SUMMARY AND Q&A

2023 Goals

- ✓ Free up cash and stabilize business
- ✓ Grow Service division
- ✓ Make products easier to sell and install
- ✓ Improve sales distribution system via owner direct sales channel partners & developers
- ✓ Build up backlog for the Air-Cooled chiller



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