







OTCQX: TGEN

EARNINGS CALL AUGUST 12, 2021

# MANAGEMENT

-  Benjamin Locke - CEO
-  Robert Panora – COO and President
-  Abinand Rangesh – CFO
-  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
-  2Q 2021 Results
-  Earnings Takeaways
-  Q&A



3,000+  
Units Shipped

Providing resiliency and energy savings with a cleaner environmental footprint



# DISTRIBUTED GENERATION

3<sup>rd</sup> in number of microgrids installed in North America



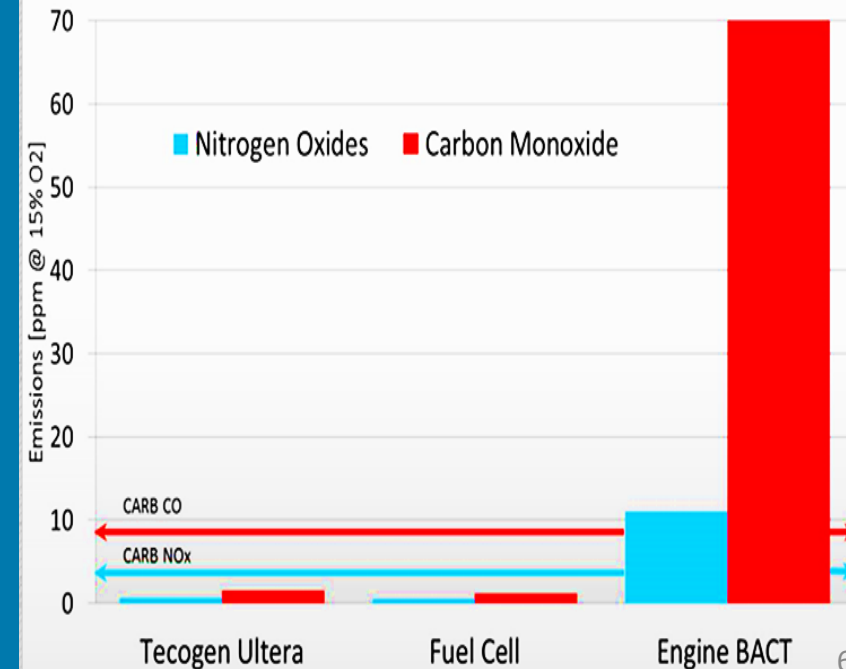
# EMISSIONS

Near zero NOx and CO emissions systems for gasoline, propane and natural gas engines

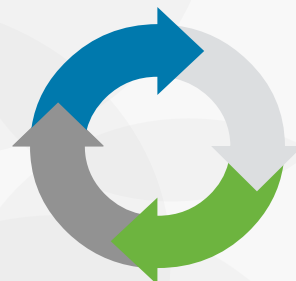


# CLEAN COOLING

Chillers with lower operating cost and lower greenhouse gas footprint compared to an equivalent electric chiller

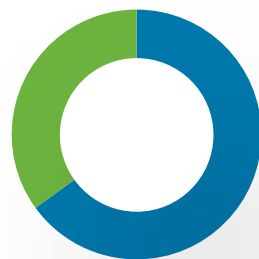


## FACTS ABOUT US



97,143

METRIC TONS OF CO2  
SAVED



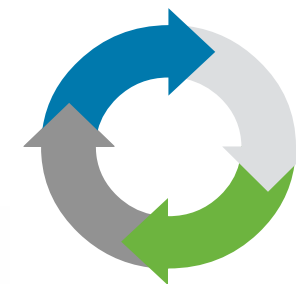
3,000+

DISTRIBUTED  
GENERATION AND  
CHILLERS SHIPPED



1,968,913,337

KWH GENERATED



52,156,171

PRODUCT RUN  
HOURS

# 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 2021 RESULTS

## Highlights

- Net income of \$0.09/share H1 2021
- Net income of \$0.02/share 2Q 2021
- Cash and equivalents balance of \$3.2 million

## Revenue = \$6.1 million

- Compared to \$7.4 million in 2Q '20, 17% decrease
- Products revenue down 35%
- Service down 1% from lower installation activity, maintenance contract revenue increased 26%
- Energy production increased 34% due to business resumption

## Gross Margin of 46% favorably impacted by sales mix and reduced warranty costs

## Op Ex = \$3.2 million

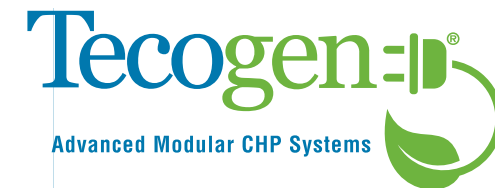
- Reduced OpEx by 7% vs. 2Q'20

## Net income of \$0.4 million

- Compared to \$0.65 million loss in 2Q'20
- Favorably impacted by ERC credit of \$713k

<i>\$ in thousands</i>	2Q'21	2Q'20	YoY Change	%
<b>Revenue</b>				
Products	\$ 2,446	\$ 3,786	\$ (1,340)	
Service	3,328	3,373	(44)	
Energy Production	371	276	95	
<b>Total Revenue</b>	<b>6,145</b>	<b>7,435</b>	<b>(1,290)</b>	<b>-17.3%</b>
<b>Gross Profit</b>				
Products	1,055	1,566	(510)	
Service	1,649	1,270	379	
Energy Production	139	70	68	
<b>Total Gross Profit</b>	<b>2,843</b>	<b>2,906</b>	<b>(63)</b>	<b>-2.2%</b>
<b>Gross Margin: %</b>				
Products	43.1%	41.4%	2%	
Service	49.5%	37.7%	12%	
Energy Production	37.3%	25.5%	12%	
<b>Total Gross Margin</b>	<b>46.3%</b>	<b>39.1%</b>	<b>7%</b>	
<b>Operating Expenses</b>				
General & administrative	2,438	2,637	(199)	
Selling	581	602	(22)	
Research and development	133	166	(33)	
<b>Total operating expenses</b>	<b>3,152</b>	<b>3,406</b>	<b>(254)</b>	<b>-7.4%</b>
<b>Operating profit (loss)</b>	<b>(310)</b>	<b>(500)</b>	<b>190</b>	<b>38.1%</b>
<b>Net Income</b>	<b>\$ 400</b>	<b>\$ (654)</b>	<b>\$ 1,054</b>	<b>161.1%</b>

# 2Q 2021 ADJUSTED EBITDA RECONCILIATION



## EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA favorably impacted by Employee Retention Credit of \$713k

## EBITDA Non-cash adjustments

- Stock based compensation
- Unrealized and realized (gain) loss on investment securities

Non-GAAP financial disclosure (in thousands)	2Q 2021	2Q 2020
Net income (loss) attributable to Tecogen Inc.	\$ 400	\$ (654)
Interest expense, net	6	56
Income tax expense	8	13
Depreciation & amortization, net	117	103
<b>EBITDA</b>	<b>531</b>	<b>(481)</b>
Stock based compensation	55	39
Unrealized (gain) loss on marketable securities	(19)	79
<b>Adjusted EBITDA*</b>	<b>\$ 567</b>	<b>\$ (363)</b>

\*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

# PERFORMANCE BY SEGMENT

## Product revenue decreased 35% QoQ

- Cogeneration sales impacted by COVID-19
- Chiller sales improving
- Product backlog improving

## Service revenue declined 1% QoQ

- Installation services down 73% QoQ
- Service contracts/parts up 26% QoQ
- Services Gross Margin increased to 50%

## Energy Production increased 34% QoQ

- Energy production sites are resuming normal operations

## Gross Margin 46%

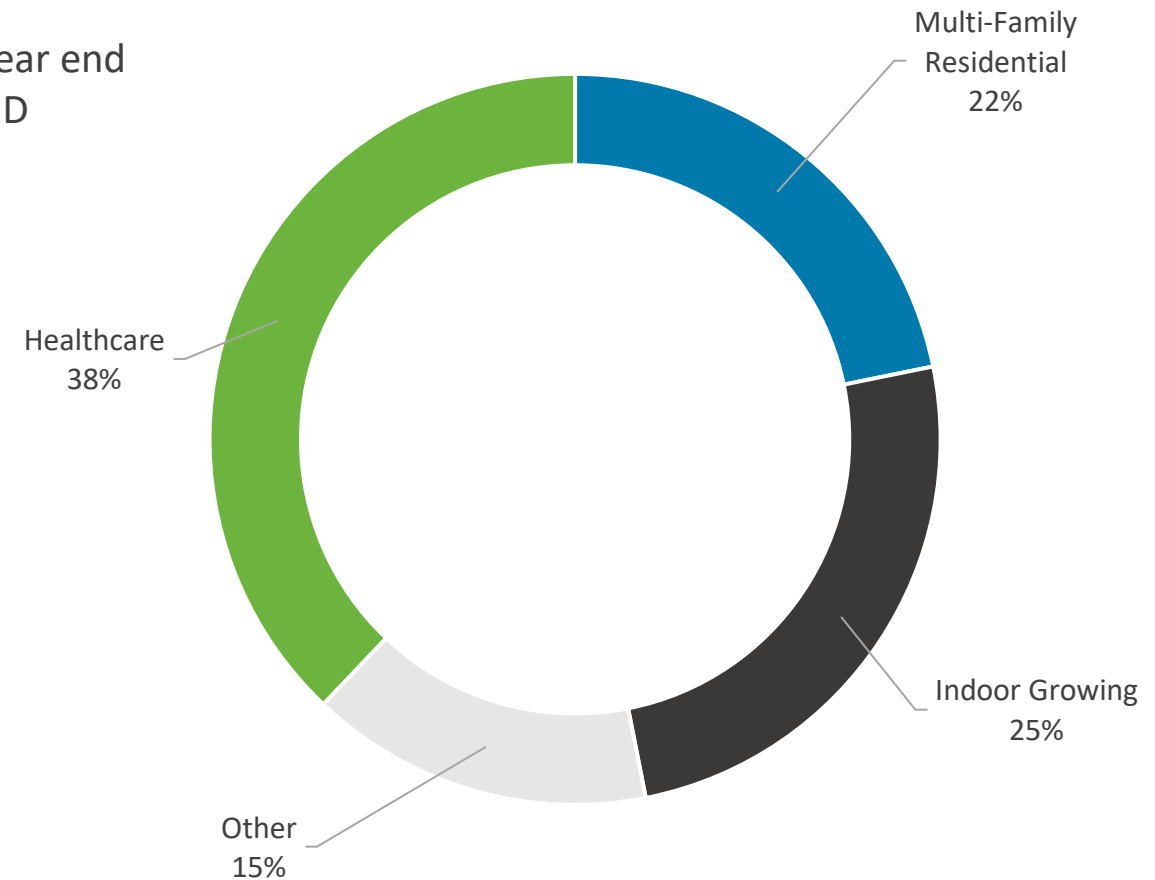
2Q Revenue (\$ thousands)	2021	2020	YoY Growth
<b>Revenue</b>			
Cogeneration	\$ 1,050	\$ 3,108	-66%
Chiller	1,089	235	364%
Engineered accessories	307	443	-31%
<b>Total Product Revenue</b>	<b>2,446</b>	<b>3,786</b>	<b>-35%</b>
Service Contracts	3,084	2,455	26%
Installation Services	244	918	-73%
<b>Total Service Revenue</b>	<b>3,328</b>	<b>3,373</b>	<b>-1%</b>
Energy Production	371	276	34%
<b>Total Revenue</b>	<b>6,145</b>	<b>7,435</b>	<b>-17%</b>
<b>Cost of Sales</b>			
Products	1,391	2,220	-37%
Services	1,679	2,103	-20%
Energy Production	232	206	13%
<b>Total Cost of Sales</b>	<b>3,302</b>	<b>4,529</b>	<b>-27%</b>
<b>Gross Profit</b>	<b>2,843</b>	<b>2,906</b>	<b>-2%</b>
Net income (loss)	\$ 400	\$ (654)	
<b>Gross Margin</b>			
Products	43%	41%	
Services	50%	38%	
Aggregate Products and Services	47%	40%	
Energy Production	37%	25%	
Overall	46%	39%	

QTD Gross Margin	2021	2020	Target
Overall	46%	39%	>40%

# 2Q 2021 EARNINGS TAKEAWAYS

Backlog by Customer Type

- Business Segments Recovering from COVID Challenges**
  - Product sales down; Product backlog increased 12% from year end
  - Service contracts revenue increased 26% QoQ despite COVID setbacks.
  - Energy production revenues are recovering
- Stable Cash Position**
  - Quarter-end cash and equivalent balance of \$3.2 million
- Sustainable Corporate Improvements**
  - Reduced OpEx by 7% QoQ
  - Improved margins in all segments
  - Operational and manufacturing improvements
- Current Backlog = \$10.4 million**
  - Product backlog = \$10.2 million



# PATHWAY TO GROWTH

2021 TO  
2023

Clean Microgrids using CHP in combination with other energy technologies including solar and battery

Continued licensing of Ultra emissions system to engine manufacturers. We expect to see the release of the first EPA certified near zero emissions fork truck engine with Ultra by mid-2022.

Anticipate Introduction of Tecochill Air Cooled Chillers that incorporate the Tecogen hybrid drive technology by Q4 2022. 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. We expect further penetration in markets such as indoor cultivation and healthcare where our products offer better savings than competing chillers.

Continue optimizing operations with goal to be sustainably EBITDA positive through continued cost controls and additional high margin revenue streams

# Q&A



## Company Information

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