







OTCQX: TGEN

EARNINGS CALL NOVEMBER 14, 2024

Q3 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







-  Business Update
-  Data Center Strategy
-  3Q 2024 Results
-  Summary
-  Q&A



BUSINESS UPDATE



-  Present backlog >\$10m
-  Expect to ramp up manufacturing,
-  Expect sequential improvements in quarterly revenue
-  Expect to close first data center project by early 2025

DATA CENTER STRATEGY

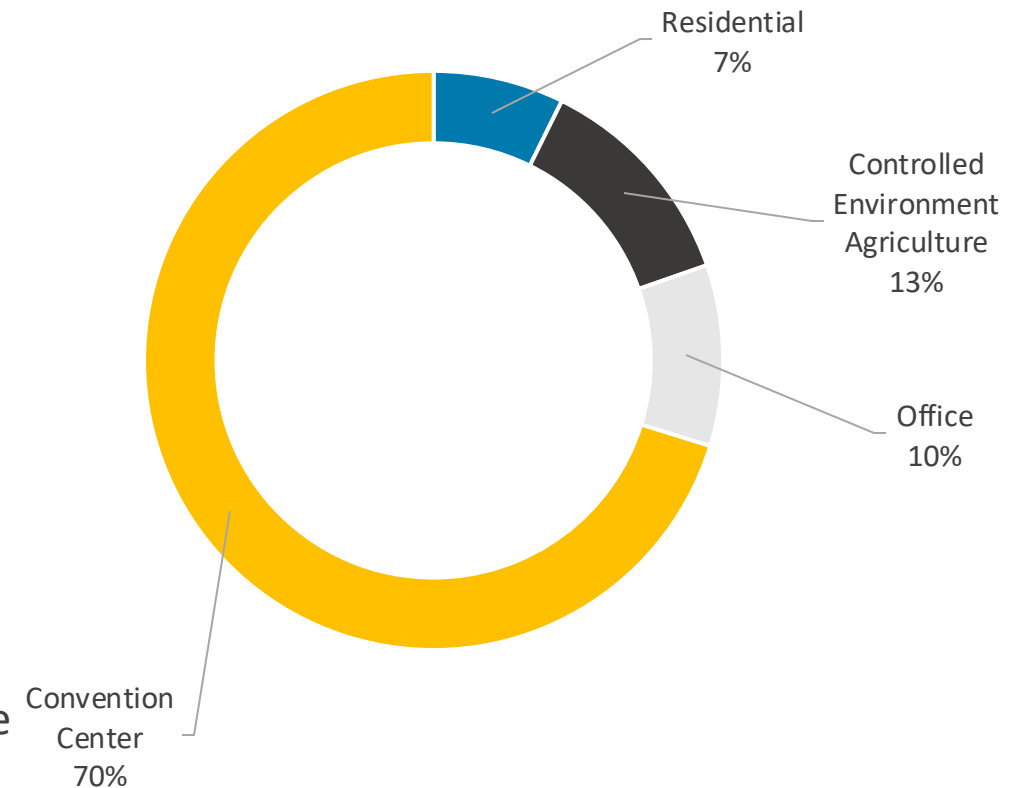


- 🌱 Data Center Macro Trends
 - 🌱 Power hungry chips = Increasing cooling loads (>30% of data center power)
 - 🌱 Liquid cooled chips rolling out next year
 - 🌱 Existing data centers will switch to AI
- 🌱 If data centers switch cooling from electrical chillers to natural gas Tecochill
 - 🌱 They immediately free up electrical capacity
 - 🌱 This electrical capacity can be rented to AI tenants at a significant premium
- 🌱 Marketing via tradeshow and sales channel partners
- 🌱 Significant interest from existing data center owners

BACKLOG AND CASH

- Backlog is presently \$10.8m
- Includes order for prepaid \$2m, 10-year extended warranty
- Additional \$2m of projects expected to close by end of year**
- Cash position \$1.2m at quarter end and \$1.1m presently
- Cashflow \$116k used in operations, rest went into capital expenditures
- \$1.5m drawn into credit line. Expect to raise up to \$2m in private placement

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.

3Q 2024 RESULTS



Key Points

- Revenue = \$5.63m, just below guidance of \$5.7m to \$6.2m
- Limited working capital constrained product revenue
- Net loss of \$0.04/share
- Net loss \$930k
- Opex \$3.35m (1.8% increase)
- Gross Margin up 4%

<i>\$ in thousands</i>	3Q'24	3Q'23	QoQ Change	%
Revenues				
Products	\$ 1,391	\$ 2,939	\$ (1,548)	
Services	3,850	3,843	7	
Energy Production	389	331	58	
Total Revenue	5,630	7,113	(1,483)	-20.9%
Gross Profit				
Products	594	1,269	(675)	
Services	1,711	1,496	214	
Energy Production	176	161	15	
Total Gross Profit	2,481	2,926	(445)	-15.2%
Gross Margin: %				
Products	43%	43%	0%	
Services	44%	39%	5%	
Energy Production	45%	49%	-3%	
Total Gross Margin	44%	41%	3%	
Operating Expenses				
General & administrative	2,681	2,709	(28)	
Selling	443	425	18	
Research and development	234	160	74	
Gain on disposition of assets	(4)	-	(4)	
Total operating expenses	3,354	3,294	60	1.8%
Operating loss	(873)	(368)	(505)	
Net loss	\$ (930)	\$ (482)	\$ (448)	

3Q 2024 ADJUSTED EBITDA RECONCILIATION

EBITDA: Earnings Before Interest, Taxes, Depreciation & Amortization

- EBITDA and adjusted EBITDA loss was \$769k and \$746k respectively

EBITDA Non-cash adjustments

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

Non-GAAP financial disclosure (in thousands)	Quarter Ended, September 30	
	2024	2023
Net loss attributable to Tecogen Inc.	\$ (930)	\$ (482)
Interest expense, net	23	6
Income tax expense	-	-
Depreciation & amortization, net	138	169
EBITDA	(769)	(307)
Stock based compensation	42	69
Unrealized loss on marketable securities	(19)	56
Adjusted EBITDA*	\$ (746)	\$ (182)

*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 24 PERFORMANCE BY SEGMENT

- 🔄 Production restarted after factory move
- 🔄 Service revenue flat QoQ
- 🔄 Energy Production revenue increased 17% QoQ
- 🔄 Gross Margin 45% up 4%

3Q Revenues (\$ thousands)	2024	2023	QoQ Change %
Revenues			
Cogeneration	\$ 1,294	\$ 899	44%
Chiller	38	1,935	-98%
Engineered accessories	59	105	-64%
Total Product Revenues	1,391	2,939	-53%
Services	3,850	3,843	0%
Energy Production	389	331	17%
Total Revenues	5,630	7,113	-21%
Cost of Sales			
Products	797	1,670	-52%
Services	2,139	2,347	-9%
Energy Production	213	170	25%
Total Cost of Sales	3,149	4,187	-25%
Gross Profit	2,481	2,926	-15%
Net loss	\$ (930)	\$ (482)	
Gross Margin			
Products	43%	43%	
Services	44%	39%	
Energy Production	45%	49%	
Overall	44%	41%	

QTD Gross Margin	2024	2023	Target
Overall	44%	41%	>40%

SUMMARY AND Q&A



- 🔄 Close projects in development by year end
- 🔄 Expect to ramp up manufacturing,
- 🔄 Expect sequential improvements in quarterly revenue
- 🔄 Expect to close first data center project by early 2025

Company Information

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