

TECOGEN INC.
Form 10-Q
May 11, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
p QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the quarterly period ended March 31, 2017

or
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

Commission file number 001-36103

TECOGEN INC.

(Exact name of Registrant as specified in its charter)

Delaware

04-3536131

(State or Other Jurisdiction of Incorporation or Organization) (IRS Employer Identification No.)

45 First Avenue

Waltham, Massachusetts

02451

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (781) 622-1120

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging Growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Title of each class Outstanding, April 30, 2017

Common Stock, \$0.001 par value 20,043,052

TECOGEN INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED MARCH 31, 2017
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References in this Form 10-Q to "we", "us", "our", the "Company" and "Tecogen" refers to Tecogen Inc. and its consolidated subsidiary, unless otherwise noted.

TECOGEN INC.

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

As of March 31, 2017 and December 31, 2016

(unaudited)

| | March 31, 2017 | December 31, 2016 |
|--|---------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$2,148,753 | \$3,721,765 |
| Accounts receivable, net | 9,102,078 | 8,630,418 |
| Unbilled revenue | 2,347,055 | 2,269,645 |
| Inventory, net | 6,075,277 | 4,774,264 |
| Due from related party | 336,693 | 260,988 |
| Prepaid and other current assets | 601,437 | 401,876 |
| Total current assets | 20,611,293 | 20,058,956 |
| Property, plant and equipment, net | 548,111 | 517,143 |
| Intangible assets, net | 1,094,747 | 1,065,967 |
| Goodwill | 40,870 | 40,870 |
| Other assets | 2,128,300 | 2,058,425 |
| TOTAL ASSETS | \$24,423,321 | \$23,741,361 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$4,011,804 | \$3,367,481 |
| Accrued expenses | 1,153,864 | 1,378,258 |
| Deferred revenue | 907,445 | 876,765 |
| Total current liabilities | 6,073,113 | 5,622,504 |
| Long-term liabilities: | | |
| Deferred revenue, net of current portion | 489,959 | 459,275 |
| Senior convertible promissory note, related party | 3,148,712 | 3,148,509 |
| Total liabilities | 9,711,784 | 9,230,288 |
| Commitments and contingencies (Note 6) | | |
| Stockholders' equity: | | |
| Tecogen Inc. stockholders' equity: | | |
| Common stock, \$0.001 par value; 100,000,000 shares authorized; 20,043,052 and 19,981,912 issued and outstanding at March 31, 2017 and December 31, 2016, respectively | 20,043 | 19,982 |
| Additional paid-in capital | 37,490,389 | 37,334,773 |
| Accumulated deficit | (22,798,895) | (22,843,682) |
| Total stockholders' equity | 14,711,537 | 14,511,073 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$24,423,321 | \$23,741,361 |

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended March 31, 2017 and 2016

(unaudited)

| | Three months ended | |
|--|--------------------|--------------|
| | March 31, | |
| | 2017 | 2016 |
| Revenues | | |
| Products | \$2,807,347 | \$2,266,148 |
| Services | 4,039,420 | 2,809,367 |
| Total revenues | 6,846,767 | 5,075,515 |
| Cost of sales | | |
| Products | 1,756,849 | 1,552,716 |
| Services | 2,175,245 | 1,803,455 |
| Total cost of sales | 3,932,094 | 3,356,171 |
| Gross profit | 2,914,673 | 1,719,344 |
| Operating expenses | | |
| General and administrative | 2,208,905 | 1,892,220 |
| Selling | 447,452 | 515,032 |
| Research and development | 180,614 | 218,958 |
| Total operating expenses | 2,836,971 | 2,626,210 |
| Income (loss) from operations | 77,702 | (906,866) |
| Other income (expense) | | |
| Interest and other income (expense) | (1,213) | 2,891 |
| Interest expense | (31,702) | (42,381) |
| Total other expense, net | (32,915) | (39,490) |
| Income (loss) before income taxes | 44,787 | (946,356) |
| Consolidated net income (loss) | 44,787 | (946,356) |
| Less: Loss attributable to the noncontrolling interest | — | 53,188 |
| Net income (loss) attributable to Tecogen Inc. | \$44,787 | \$(893,168) |
| Net income (loss) per share - basic | \$0.00 | \$(0.05) |
| Net income (loss) per share - diluted | \$0.00 | \$(0.05) |
| Weighted average shares outstanding - basic | 20,037,795 | 18,478,990 |
| Weighted average shares outstanding - diluted | 20,317,142 | 18,478,990 |

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2017 and 2016

(unaudited)