



Mechanical Technology Incorporated

2019 Highlights

(Second Quarter update)

- Revenue at MTI Instruments for the first six months of 2019 dipped 4% compared to the same period of time last year due to a decline in sales to a commercial customer in Asia, who continues to be impacted by slowdowns in the semiconductor industry.
- Operations remain profitable – with \$371,000 in operating income being recorded to date, slightly less than the \$382,000 operating income at this time last year due to the six month sales volume and current product mix yielding lower comparative margins. Prior year results were also unfavorably impacted by one-time costs associated with the Company's deregistration of its common stock with the Securities and Exchange Commission in 2018.
- In support of on-going development initiatives with our next generation capacitance sensors and engine vibration balancing systems, MTI Instruments added four new team members during the last two months – bringing MTI's total employment to 31 people.
- Excluding the special cash dividend paid to MTI shareholders in March 2019, cash balances have increased \$265,000 for the year; bringing available cash to \$2,495,000 at the end of June 2019.
- As was previously reported on June 28, 2019, MTI announced the tax treatment, for federal tax purposes, of the special cash dividend which was paid by the Company to its shareholders on March 20, 2019.

Distributions to shareholders with respect to the dividend are classified as follows on a per common stock share basis:

<u>Total Distribution Amount</u>	<u>Ordinary Dividend Classification</u>	<u>Return of Capital Classification</u>
\$0.37	\$0.16	\$0.21

Please note that the precise tax impact of the dividend on specific shareholders depends upon a shareholder's individual tax situation. Shareholders are strongly urged to consult their personal tax advisors to discuss the tax implications of the dividend.

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