



Soluna Holdings, Inc.

EcoChain Business Model Illustration and Application

May 2021

Company Update

Good afternoon and welcome. Thank you for taking the time to join me.

I'm Michael Toporek, CEO of Mechanical Technology, Inc. Today I wanted to share with you an illustration of the earnings power of the company across a range of potential business environments, consistent with our principles of accountability and transparency, we think it's important that the shareholders are well informed.

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One of our commitments to our shareholders is that we'll communicate frequently, clearly, and transparently about the company and its prospects. In this presentation, we'll demonstrate the potential earnings for the company across a range of economic



scenarios. The footnotes and details in this illustration are important components, but the idea was to simulate if we were to make all the buying decisions today, what could the outcome be for our shareholders.

As part of being transparent, we're committed to giving shareholders ongoing information flow that should help them make informed investment decisions. Our first commitment, we will refresh this illustration every four to six weeks. This means that certain variables will change such as coin prices, difficulty assumptions, and the equipment mix we're assuming we deploy. We will also plan to release monthly, by location, financial, and operating information within 10 days of the close of each month. The first of these reports will be by June 10th.

Now, as our mining capacity comes online, the need for this illustration to be updated will decrease and investors will be well served to look at the monthly information reports that we're putting out. To be very specific about our monthly information flow on or about June 10th, we'll release key financial and operating information for the TNT and Python locations. Then by the 10th of every month, shareholders will know how we're doing.

Following are some illustrative financial outcomes. Now on the first illustration, you can see our \$45,000 Bitcoin assumption and our hash rate assumptions below on the slide. Our contribution margin is after we take into account electricity and overhead costs. Contribution dollars ramp from about \$900,000 in Q2 to about \$2 million in Q3 and \$8 million in Q4. For convenience, we assume we're ramping the 10-megawatt building at Python in Q4 2020, but we're not showing any financial results for it in that quarter. Then on January 1st, 2022, that 10 megawatts come online. That accounts for the jump in revenue and profit in Q1 2022 to about \$10.4 million dollars in this scenario.

If you look at our run rate at \$45,000 Bitcoin for Q4 of this year, it's at \$32 million dollars. Then for Q1 of 2022, our run rate is \$41 million. We pride ourselves on being ultra low cost in the sector. So we also looked at the margin generated at \$25,000 Bitcoin in Q4 of this year. If you were to annualize it and make up a run rate, it would be 15 million dollars. In Q1 of next year, our run rate would be \$22 million dollars, not a bad showing at \$25,000 Bitcoin. Obviously, of course, if Bitcoin was \$60,000, we'd be doing very well as the scenario below demonstrates.

So, let's delve into some details here. For the \$45,000 Bitcoin scenario, TNT would continue to produce solid cash flow given the low investment dollars we have in place there. When we ramp Anaconda in late Q3 and expected to be running near capacity at



Q4 this year, we expect very strong results. For Python, we assume in July 1st close. Python's second building gets built and scales up over Q4. For our illustration, just to simplify, no revenues were assumed in Q4 2021 and the full 10 megawatts is brought online on January 1st, 2022. Over the course of 2021, we ramp up as the landlord terminates his hosting contracts. This ramp-up takes into account the schedule he's given us, but we've added a fair bit of slack to our numbers in case things don't play out as quickly as he hopes. Please note that Q2 revenue at Python. The landlord is currently hosting the equipment we purchased in April and we announced that in a press release, I think it was April 12th or so.

I'd like to give you some historical information on each of our sites, namely a bit about our Q1 performance. So TNT for Q1 of this year performed exactly as we had expected and you can check back our expectations were met. Again, we're very pleased with the way this site is running and generating cash for us. At Python in the first quarter, the landlord hosted some of our surplus equipment. In April, we purchased additional equipment, which the landlord at Python is hosting for us. In June, when we released our April and May monthly performance, you should see that equipment comes into the numbers.

There were just a couple of slides that I want to review with you in our appendix. This slide just presents the quarterly illustration with BTC at \$25,000. Again, still very respectable and reflects our ultra-low-cost position in the industry. Then obviously at \$60,000 BTC, we're knocking it out of the park, into the house across the street, to use a baseball analogy. There is additional material in this presentation and is free to review, which I encourage you to look at without my narration.

We view it as our obligation to you to be accountable and transparent. We'll put out the information flow to demonstrate to you that we are very focused on delivering a high return on invested capital. You'll see our numbers every month, as I've said, I'm really looking forward to the rest of this year as we scale up our business. Thank you.



Legal Disclaimer

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act that reflect our current views with respect to, among other things, our operations, business strategy, interpretation of prior development activities, plans to develop and commercialize our products and services, potential market opportunity, financial performance and needs for additional financing. We have used words like "anticipate," "believe," "could," "estimate," "expect," "future," "intend," "may," "plan," "potential," "project," "will," and similar terms and phrases to identify forward-looking statements in this presentation.

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To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: non-gaap revenue, contribution margin, adjusted cost of cryptocurrency revenue and adjusted EBITDA contribution. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Use of Estimates in monthly Presentations

Numbers presented BEFORE the release of Form 10-Q for fourth quarter ended December 31st, 2021, are monthly estimates and subject to change upon final accounting adjustments and entries. These monthly estimates are presented as an illustration of management’s review of key metrics that help in understanding the performance of the Company. Readers are strongly encouraged to review this presentation in connection with the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2021, Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2021, Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2021, and the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

