



# Introducing A Data Center Juggernaut

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Chief Executive Officer



# Legal Disclosure & Disclaimer

This Presentation contains certain forward-looking statements concerning, among other things, Mechanical Technology, Incorporated, a Nevada corporation (“MTI”), and its subsidiaries (collectively, “the Company,” “we,” “us,” and “our”) the proposed transactions with Soluna Computing, Inc., a Delaware corporation (together with its applicable affiliates, “Soluna”), our expectations as to our future financial and operating results, capital structure and liquidity, the anticipated benefits and synergies of the proposed transactions and future opportunities for the combined company; general global and economic conditions and any other statements about the future expectations, beliefs, goals, plans or prospects of the Board or management of the Company that are or may be considered to be “forward-looking statements.” The words “believe,” “expect,” “anticipate,” “should,” “could” and other expressions that indicate future events and trends identify forward-looking statements. These expectations are based upon many assumptions that we believe to be reasonable, but such assumptions ultimately may prove to be materially inaccurate or incomplete, in whole or in part and, therefore, undue reliance should not be placed on them. Several factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, but are not limited to: the anticipated timeline for completing the proposed transactions, including the satisfaction of the closing conditions to the proposed transactions; our ability to retain certain key employees; the reactions of our customers, suppliers, and other persons with whom we do business with respect to the proposed transactions; the effects of the proposed transactions on the market for the MTI common stock; general global and economic conditions; and the risks identified and discussed under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 31, 2021 and subsequently amended on April 29, 2021 and the other reports and other documents that the Company files with the SEC from time to time. In light of the uncertainty inherent in our forward-looking statements, you should not consider their inclusion to be a representation that the forward-looking statements will be achieved. In evaluating forward-looking statements, you should consider all these risks and uncertainties, together with any other risks described in our reports and other documents furnished or filed with the SEC, and you should not place undue reliance on those statements. We assume no obligation for updating any forward-looking statements, whether as a result of new information, future events, or otherwise. To the extent that there are any material changes in the information contained in this Presentation, however, MTI will promptly disclose the changes as and to the extent required by applicable law and the rules and regulations of the SEC.



# Legal Disclosure & Disclaimer

This presentation has been prepared for use by the Company in connection with the proposed transactions with Soluna. This presentation is for information purposes only and is being provided to assist interested parties in making their own evaluation with respect to the proposed transaction, and for no other purpose. This presentation is not intended to be all-inclusive or to contain all the information that person may desire in considering an investment in connection with the proposed transactions and is not intended to form the basis of any investment decision. All information in this presentation is subject to the actual provisions of the definitive documents and agreements for the proposed transactions with Soluna. You should consult your own legal, regulatory, tax, business, financial and accounting advisors to the extent you deem necessary, and must make your investment decision and perform your own independent investigation and analysis of the transactions contemplated in this presentation.

This presentation relates to proposed transactions between the Company and Soluna. This presentation does not constitute an offer to sell or exchange, or the solicitation of an offer to buy or exchange, any securities. The Company has filed an 8K today. The Company further intends to file a proxy statement that will be sent to all Company stockholders as of a record date to be established for voting purposes at a to be held special meeting. The Company may also file other documents regarding the proposed transactions with the SEC. The proxy statement and any other filings contain important information about the proposed transactions. Before making any voting decision, investors and security holders are urged to read the proxy statement and all other relevant documents filed or that will be filed with the SEC in connection with the proposed transactions with Soluna as they become available because they will contain important information about the proposed transactions, which may be obtained for free at the SEC's website at <http://www.sec.gov> and from MTI's website at <http://www.mechtech.com>.





# A Transformative Acquisition

MECHANICAL TECHNOLOGY IS ACQUIRING  
SOLUNA COMPUTING, INC.

SOLUNA  + **mti**

## **A Transformative Acquisition**

MECHANICAL TECHNOLOGY IS ACQUIRING  
SOLUNA COMPUTING, INC.



# Mechanical Technology is acquiring Soluna Computing

KEY TRANSFORMATIVE ACQUISITION



**Strategic  
Rationale**



**Outline of  
Transaction  
Terms**



**Questions  
& Answers**



The image shows a vast solar farm with rows of photovoltaic panels stretching into the distance. In the background, a single wind turbine stands against a clear sky. A large, semi-transparent orange circle is positioned on the left side of the image, partially overlapping the solar panels and the sky. The text 'Strategic Rationale.' is written in white, bold, sans-serif font across the middle of the image, with the orange circle behind it.

# Strategic Rationale.

# Global investment in clean energy and energy efficiency

**\$704B**

2020



**\$753B**

2021



**But all renewable energy now being produced can't be used because the grid is inflexible...**

**225**

Terawatt Hours of Lost Energy  
Because of "Curtailment"

*\*Global curtailment equivalent to energy consumption of California or Mexico*



# Computing is a novel solution

Storage is not yet sufficiently scalable and transmission upgrades face many challenges and take too long. Computing is ready now.



## Transmission



## Storage



## Computing



**The future of  
renewable energy...  
is computing.**



# If it's used to perform...

Bitcoin  
mining

Machine  
learning

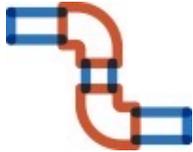
Natural language  
processing

Scientific  
computing

There is a growing demand for computing power that will account for 20% of global energy consumption by 2030. What if we could build data centers that could buy excess renewable energy that would otherwise be wasted?

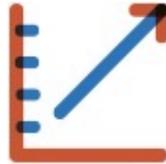


# Key Transaction Drivers



**Immediately gain 300 MW+ pipeline to drive growth**

300 MW under LOI, over 200 MW in active pipeline



**Create a top-tier dense computing, mining company**

An executable strategy beyond crypto



**Gain a technical and management team that has best-in-class approach to data center development**





# **Outline of Transaction Terms.**

# Transaction Outline

MECHANICAL TECHNOLOGY IS ACQUIRING SOLUNA COMPUTING<sup>(1)</sup>

**92% of consideration is contingent<sup>(2)</sup>**

- \$725,000 in cash at close
- \$75,000 transaction fees and expenses
- 150,000 shares of MKTY not contingent (issued at close)

**2,970,000 shares of MKTY contingent**

Note: This summary describes the aggregate economics of two transactions. Please see appendix for details.

(1) Includes all assets except Harmattan project

(2) Assuming a stock price of \$7 per share.



# When Are Contingent Shares Issued?

CONTINGENT SHARES ISSUED AS FOLLOWING MILESTONES ARE ACHIEVED

**19,800 MKTY shares per “Active MW” built up to a maximum of 150 MW**

**Accelerator: 29,700 MKTY shares per Active MW for first 50 Active MW deployed before June 30, 2022**

- Remaining 100 MW to be received at reduced rate of 14,850 MKTY shares per MW if accelerator achieved

**Can be MW from current pipeline or newly surfaced opportunities**

**Incentivized to develop best opportunity set, regardless of origin**

Note: This summary describes the aggregate economics of two transactions. Please see appendix for details. “Active MW” means active electric power generating capacity that has been energized and arises from projects and for which all infrastructure needed to permit installation of data miners has been completed (e.g., racking



# Consideration Aligns Incentives

## Share issuance only when sites are energized

- Contingent shares are **not issued, escrowed, or outstanding at close**
- **No earnings dilution** until value of asset is clear and ready to generate earnings
- For EPS calculation, **denominator only changes when numerator is about to increase** from a new project coming online

## Incentivized to build out best available opportunity in fast-changing environment

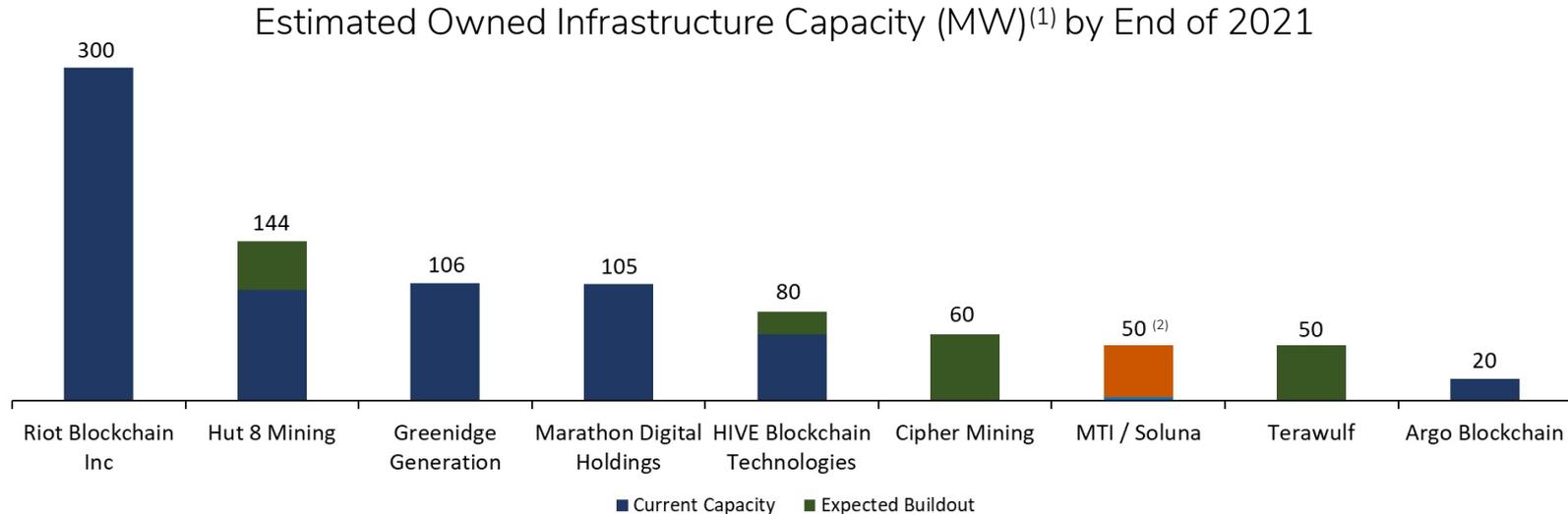
- Milestones met on projects **identified in current pipeline or generated in future**
  - **Does not bias development to named projects**
  - Allows team to react and re-prioritize new and “old” opportunities based on market economics



# Soluna Will Be Industry Juggernaut

## Vaults Soluna Holdings to the industry large-scale peer group

- **300+ MW pipeline** compares favorably to Cipher, Riot, Hut 8, Marathon, others



(1) Current capacity per monthly presentation; Riot (company press release, July 2021), Bitfarms (company presentation, June 2021), Hut 8 (company presentation, May 2021), Greenidge (company presentation, March 2021), Marathon (company website, July 2021), Hive (company website, July 2021), TeraWulf (company press release, June 2021), Argo (company website, July 2021)

(2) Includes anticipated capacity currently in construction for 2021 delivery; estimated metric as of December 2021 (year end)



# Soluna Team: Top Tier Talent



**John Belizaire**  
CEO

- Successfully founded, scaled, sold 3 tech companies
- FirstBest/Guidewire - insurance software company
- The Theory Center — software company
- Former lead architect for Intel's Digital Enterprise Group



**Dip Patel**  
CTO

- Technologist, engineer
- Founder & CEO of Ecovent — smart home tech company
- Led design, development, production of complex radar hardware systems at Lockheed Martin



**Larbi Loudiyi**  
VP, Energy

- Co-founded, managed, grew A.M Wind SARL, Moroccan energy development company
- Founded renewable energy consulting firm Cbiom



**Phillip Ng**  
CFA VP, Corporate Development

- Member of Brookstone Partners investment team responsible for genesis of Soluna
- Senior Consultant at EY's Transaction Advisory group
- Deloitte's Financial Advisory Group



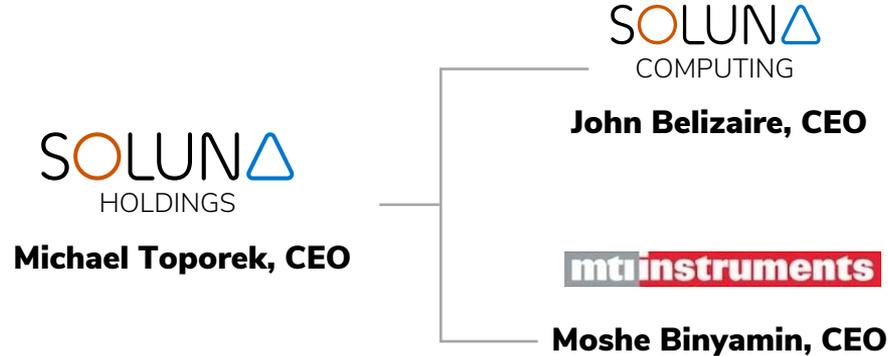
# Post-Transaction Structure



Mechanical Technology, Inc., our current HoldCo, will be renamed **Soluna Holdings**



Our EcoChain subsidiary will be renamed **Soluna Computing, Inc.**



# Soluna Pipeline

- 300 MW under LOI
- Over 200 MW in active pipeline, includes solar, wind, USA and non-USA projects<sup>(1)</sup>

Project	Location	Power Source	Power Cost	Size (MW)
Dorothy I	USA	Wind	\$0.03kWh	50 MW
Dorothy II	USA	Wind	\$0.03kWh	50 MW
Kati I	USA	Wind	\$0.03kWh	100 MW
Kati II	USA	Wind	\$0.03kWh	100 MW

(1) Excludes Harmattan Morocco project



# New Disclosure Policies



**Going forward, we will deliver a quarterly pipeline update**



**Development targets will be coded, and risk rated**



**Targets may move in and out of pipeline and investors will be able to track progress**

Investors will get insight into timetable and how growth opportunities are developing in real time



# New Economic Model

- The Soluna team has the expertise, knowledge base to develop gigawatts of capacity globally
  - To fully monetize this knowledge base, a new business model is required, not dissimilar to that of Brookfield Asset Management, we can own 100% of a project, have a hosting JV or take on equity and debt partners in projects
  - Insures fully monetizing opportunity set while minimizing dilution to common equity holders



# New Economic Model

## 100% Owned.

- Own infrastructure and compute
- No profit-share partners
- Small equipment finance, low LTV

## Project Finance/Equity Partners.

- They include inexpensive debt
- Financial equity partners
  - 10% to 16% hurdle
  - 50% share above hurdle
- Small/low LTV equipment finance
- Sell forward hashrate
- Other mechanisms to drop cost of capital

## Hosted Revenue.

- Cover cost of power and personnel
- Percentage of revenue
- Driven by China's "great unplugging"



# Transaction Close Timeline

Expect to  
issue proxy  
by **early  
September**

Shareholder  
meeting on  
**mid-October**

Closing by  
**end of  
October**

Obtain a new  
ticker and  
trade under it  
post-close





# Questions and Answers.

# When Do Shares Get Issued?

ALONG WITH THE CASH CONSIDERATION PAID AT CLOSE, 150,000 SHARES OF MKTY WILL NOT BE CONTINGENT (ISSUED AT CLOSE)

## 2,970,000 contingent shares will be issued as follows:

- 19,800 shares will be issued for each “Active MW” that occur within 5 years from the closing date up to a total of 150 Active MWs
- If Soluna achieves at least 50 Active MWs before June 30, 2022, then shares will be issued at an accelerated rate of 29,700 shares per Active MW
  - If the accelerated shares are achieved, shares for the remaining 100 MWs will be issued at a reduced rate of 14,850 shares per Active MW
- If Soluna does not achieve 50 Active MWs before June 30, 2023, then the aggregate number of shares to be issued will be reduced by 50%

## Each Active MW must meet the “Cost Requirement”

- “Cost Requirement” means that fully loaded weighted average cost of such Active MW is, at time of activation, \$30/MWh or less

“Active MW” means active electric power generating capacity that has been energized and that arises from Projects and for which all infrastructure needed to permit the installation of data miners has been completed (e.g., racking).



# Doesn't MTI Already Own Shares Of Soluna?

MTI invested \$750k in Soluna, which is approximately 1.83% on a fully diluted basis<sup>(1)</sup>

Depending on:

- The timing of MW built
- How much of contingent consideration is earned by Soluna; and
- The ultimate share price of MTI

We will receive proceeds as any other shareholder would, according to the contractual rights of our preferred share investment

(1) As of MKTY's 10-Q filing for the period ended June 30, 2021.



# What Happens To The Current Agreements Between Soluna And MTI?

Post-close MTI would have been obligated to pay Soluna the following fee streams:

Site	O&M Fee <sup>(1)</sup>	Profits Interest <sup>(1)</sup>
TNT 	\$0	\$388,000
Anaconda 	\$250,000	\$0
Python 	\$156,000	\$1,095,000
<b>Total</b>	<b>\$406,000</b>	<b>\$1,483,000</b>

These fee streams will be avoided; however, compensation and overhead of Soluna team would now be the obligation of MTI and would serve as the core team as we scale up business

O&M fee and profits interest owed by MTI to Soluna are likely to exceed fixed cost of team to MTI

(1) Estimated for 2022

Note: In 2023, estimated total of O&M Fees and Profits Interest would be in excess of \$3 million



# How Will The Significant Pipeline Be Financed?

We will employ a business model to fully monetize Soluna team's knowledge base

## 100% Owned

Own and operate the infrastructure and compute

## JV / Hosting

Opportunistically and selectively host equipment for cost + significant revenue share

## Project Finance

Employ limited low-cost non-recourse debt, and partner with financial investors for project equity

Equity terms could be:

- 10%-16% Hurdle rate
- Share 50% return above hurdle

**Continue to innovate and drive low cost of capital**

# Why Is MTI Changing Its Name?

By the end of 2021, on run-rate basis we expect to generate

# 75-85%

of our EBITDA from Soluna business

We believe our holding company identity and ticker should align more closely with that business



# What Are You Doing With The Instruments Business?



Instruments business is a strong, growing, vibrant market-leading technology business; continues to perform at or above expectations



As we have said when we entered the crypto business in 2020, we continue to evaluate our portfolio, especially as crypto business continues to scale



# What Is The Company's ESG Policy?



By end of year, we will formulate an extensive score card on all relevant ESG variables



We will then score ourselves publicly every quarter to share with investors where we are on the spectrum of assessment for each variable

**Our business model and corporate ethos commits us to enabling and promoting renewable energy globally**

**We are also committed to having an active positive impact on all communities with which we interact and redefining transparency and accountability in our governance and reporting policies**



# Does MTI Have Any Interests In “Old Soluna”?

1. Soluna Technologies, Ltd. will be renamed Harmattan Energy, Ltd. since its only asset will be the Moroccan project by that name<sup>(1)</sup>

2. Prior to the transaction, MTI had project rights to the first 100 MW of compute power

3. As part of transaction, MTI will project rights to an additional 100 MW of compute power

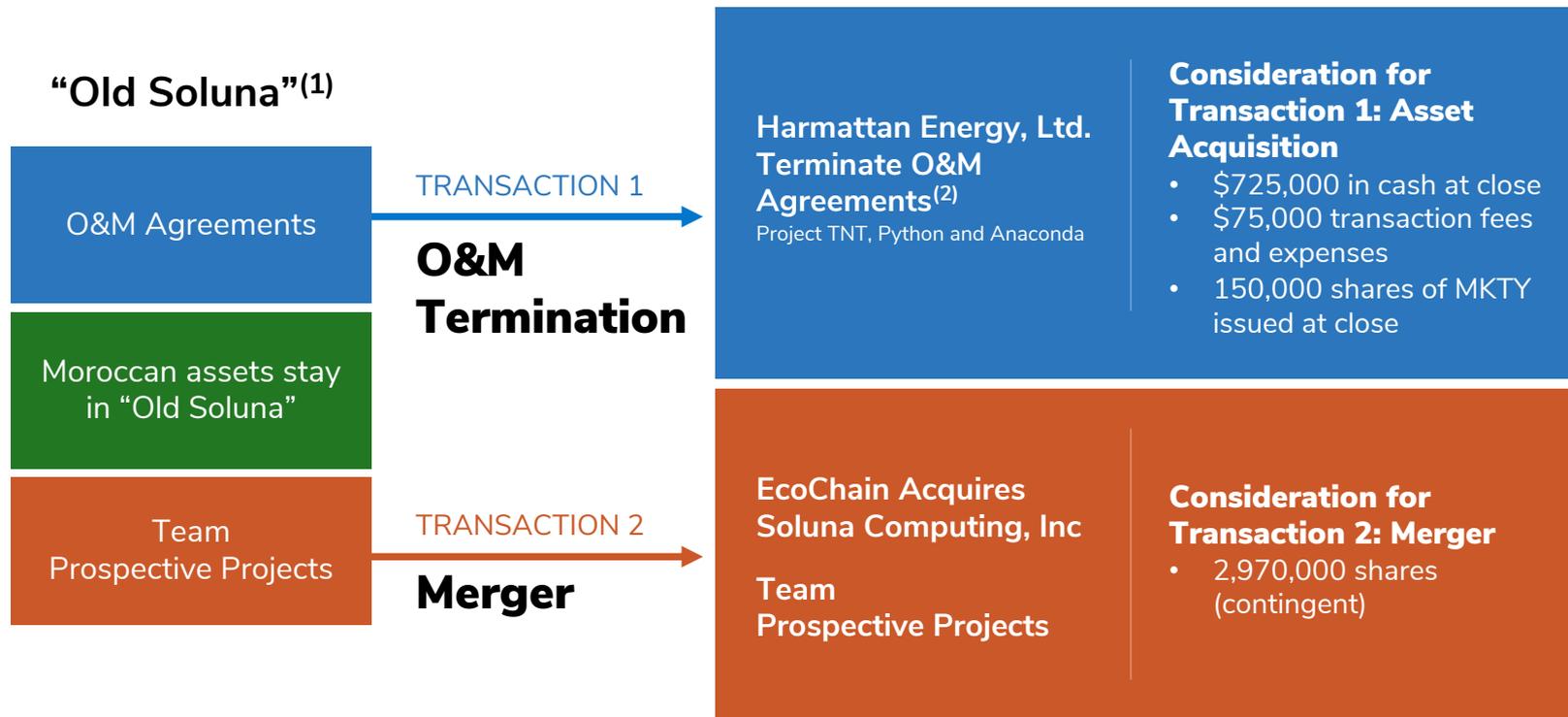
4. MTI will also maintain its current pro-rata ownership





# Appendix

# Visual Summary of Transactions



(1) “Old Soluna” is Soluna Technologies, Ltd. Will be renamed to **Harmattan Energy, Ltd.**

(2) Other than one set of fee payments with respect to Project Python if not made prior to closing.



# Transaction 1: Asset Acquisition

## Transaction Structure

EcoChain, Inc. (“EC”), a wholly owned subsidiary of Mechanical Technologies, Incorporated (“MKTY”) will terminate its payment obligations to Harmattan Energy, Ltd. under certain Operating & Maintenance Agreements (the “O&M Agreements”) with respect to projects owned by EC.

## Consideration

Consideration shall be an aggregate of \$800,000 in cash plus shares of common stock of MKTY, payable as follows:

- At closing to Harmattan Energy, Ltd. for 100% payment for the O&M Agreements other than one set of fee payments with respect to Project Python if not made prior to closing.:
  - \$725,000 in cash;
  - EcoChain, Inc. will cause MKTY to issue 150,000 Shares; and
  - EcoChain, Inc. will pay \$75,000 of Harmattan Energy, Ltd. transaction fees and expenses (including any fees and expenses related to Harmattan Energy, Ltd. operational restructuring)



# Transaction 2: Merger

## Transaction Structure

EcoChain, Inc., a wholly owned subsidiary of Mechanical Technologies, Incorporated (“MKTY”) will acquire all of the stock of Soluna Computing, Inc. (“SCI”) to continue to carry on the business following closing. The acquisition will be structured as a reverse triangular merger, with SCI as the surviving corporation in that merger

## Consideration

Consideration for the acquisition shall be an aggregate of up to 2,970,000 shares of common stock of MKTY, subject to adjustments as described below, payable as follows

Scenario A	<b>50 Active MWs BEFORE June 30, 2022 (“Accelerated”)<sup>(1)</sup></b>	
	29,700 shares x 50 Active MW	= 1,485,000 shares
	14,850 shares x 100 Active MW	= 1,485,000 shares
	Total contingent shares	= 2,970,000 shares
Scenario B	<b>50 Active MWs BEFORE June 30, 2023</b>	
	19,800 shares x 150 Active MW	= 2,970,000 shares
Scenario C	<b>50 Active MWs AFTER June 30, 2023</b>	= 1,485,000 shares

### Each Active MW must meet the “Cost Requirement”

- “Cost Requirement” means that the fully loaded weighted average cost of such Active MW is, at the time of activation, \$30/MWh or less, subject to adjustment for inflation starting January 1, 2023

<sup>(1)</sup> “Active MW” means active electric power generating capacity that has been energized and that arises from Projects and for which all infrastructure needed to permit the installation of data miners has been completed (e.g., racking). (1) From any combination of Project Dorothy, Project Kati and Project Rosa



The logo for Soluna, featuring the word "SOLUNA" in a sans-serif font. The letter "O" is orange, and the letter "A" is a blue triangle. The background is a landscape of rolling hills with many wind turbines under a clear sky.

SOLUNA

# SELL. EVERY. MEGAWATT

Learn more at [solunacomputing.com](https://solunacomputing.com)