



Scott A. Graeff, President and CEO

Roth Capital Conference

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Safe Harbor

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This presentation includes information that constitutes “forward-looking statements” made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the company's expectations regarding the company's future financial performance and the potential demand for its products, the company's growth potential, its balance sheet and capitalization, its valuation, its leadership team, its technological advantages, and market trends. Management cautions the reader that these forward-looking statements are only predictions and are subject to a number of both known and unknown risks and uncertainties, and actual results, performance, and/or achievements of the company may differ materially from the future results, performance, and/or achievements expressed or implied by these forward-looking statements as a result of a number of factors. These factors include, without limitation, failure of demand for the company's products and services to meet expectations, failure of target markets to grow and expand, technological and strategic challenges, market valuation of the company and those risks and uncertainties set forth in the company's periodic reports and other filings with the Securities and Exchange Commission ("SEC"). Such filings are available on the SEC's website at www.sec.gov and on the company's website at www.lunainc.com. The statements made in this presentation are based on information available to Luna as of the date of this presentation and Luna undertakes no obligation to update any of the forward-looking statements after the date of this presentation, except as required by law.

Adjusted Financial Measures

In addition to U.S. GAAP financial information, this presentation includes Adjusted EBITDA, a non-GAAP financial measure. This non-GAAP financial measure is in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of Adjusted EBITDA to Net Income is included in the appendix to this presentation.

Luna – Enabling the Future with Fiber

- **Proprietary**, measurement technology, offering **unprecedented** combination of resolution, accuracy and speed
- Customers in **attractive markets**: Aerospace, Automotive, Communications, Energy and Defense
- Positioned to **take advantage of trends** such as vehicle light-weighting and increasing demands on data centers and broadband capacity
- **Adequately capitalized** to fund growth
- Long-tenured, **experienced** executive team / board
- Corporate culture of **innovation and integrity**
- **Compelling value**: currently trading at an attractive multiple



Luna - global company providing innovative products and solutions using proprietary fiber optic technologies



History

Incorporated 1990
IPO 2006 (NASDAQ: LUNA)



Reporting Segments

Products & Licensing
Technology Development



HDQ: Roanoke, VA



Revenue

FY19 Actual \$70.5M
FY20 Guidance* \$81-84M



AEBITDA

FY19 Actual \$9.5M
FY20 Guidance* \$10-12M

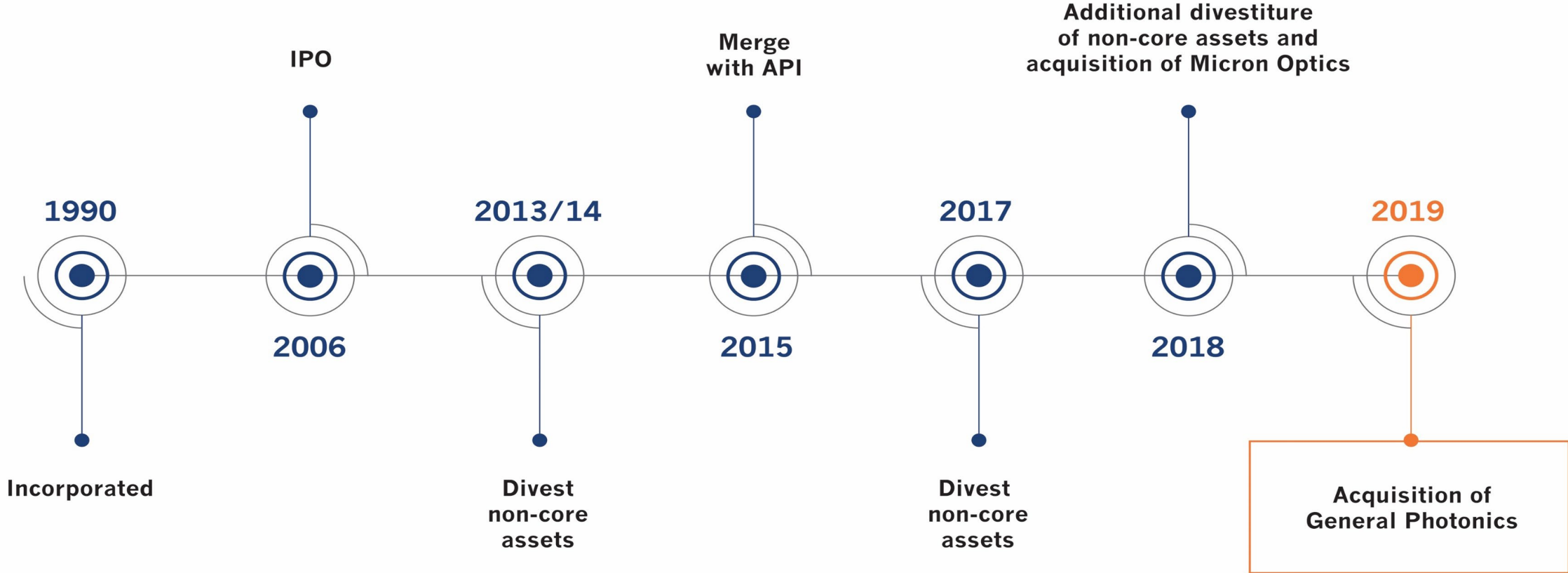
260+ Employees

including leading engineers,
scientists, innovators

* Guidance provided in 3/5/20 earnings release and call. For informational purposes only. This does not constitute an update or reaffirmation.

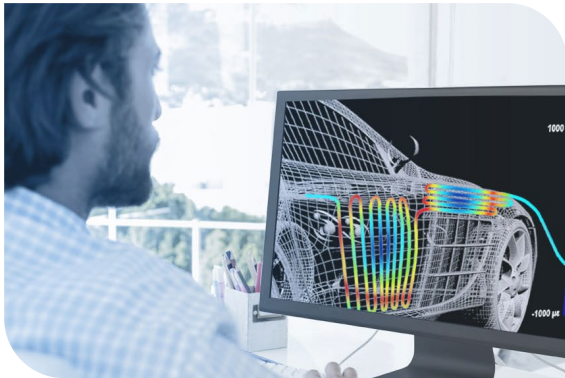
Luna has a clear vision and established history

Vision: Enabling the Future with Fiber



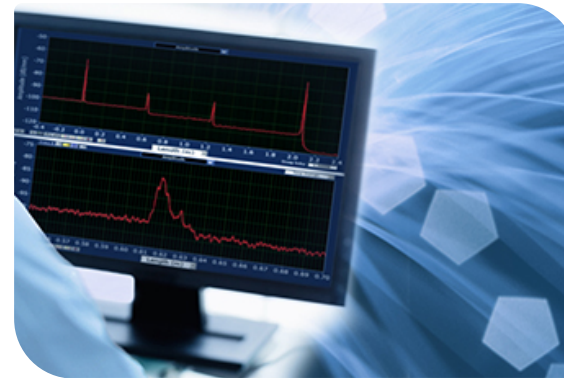
Accelerating our technology is bringing new and innovative products to market

Lightwave Division



Structural & Material Test and Process Control

High-definition distributed sensing and high-precision gauging not available using conventional measurement technologies



Communications Test & Measurement

Design and manufacture, high-performance fiber optic test instruments for communications market

Luna Labs



Contract Research

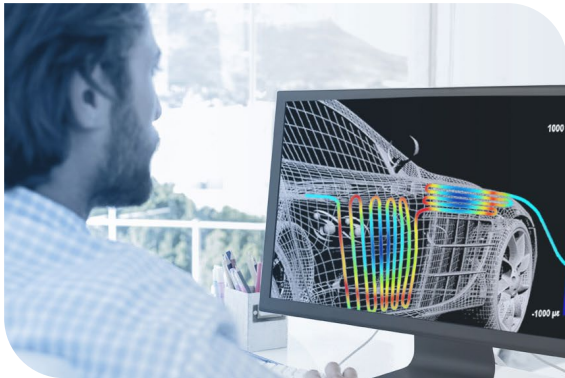
Cutting-edge, disruptive technologies enabled by highly leverageable, third-party funded research

What problem does Luna solve?

NASDAQ: LUNA
Luna Innovations Incorporated® 2020

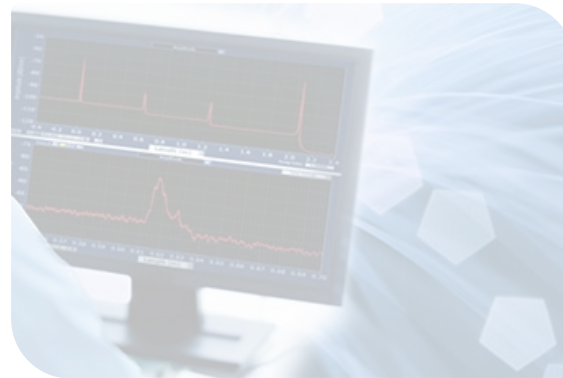
Structural & Material Test and Process Control Products

Lightwave Division



Structural & Material Test and Process Control

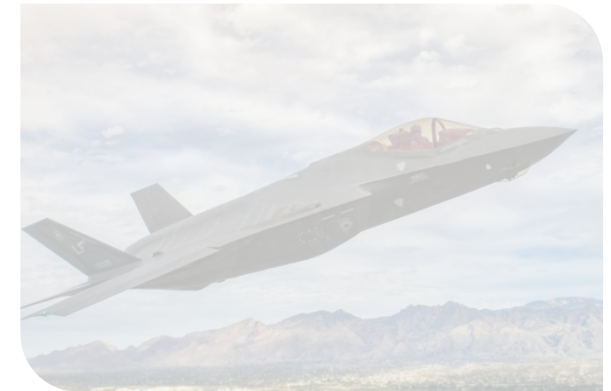
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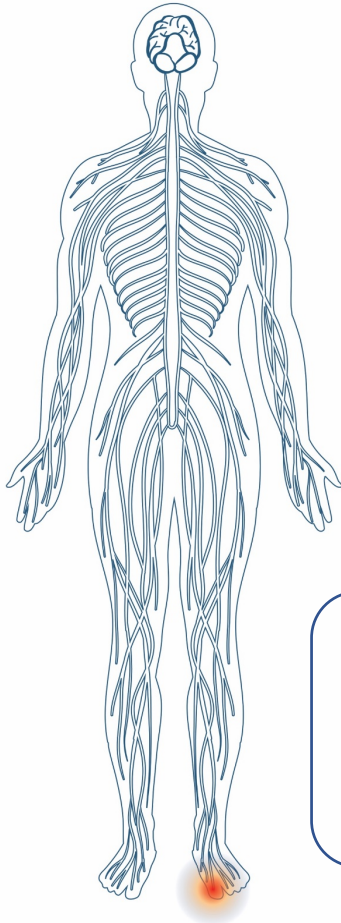
Short Range, High Resolution



*Full scale structural test of Boeing 787
ODiSI used to measure strain distribution in composite materials*

- High-Definition Fiber Optic Sensing
 - Measuring strain and temperature in composites and other advanced materials
 - Focus on aerospace and automotive

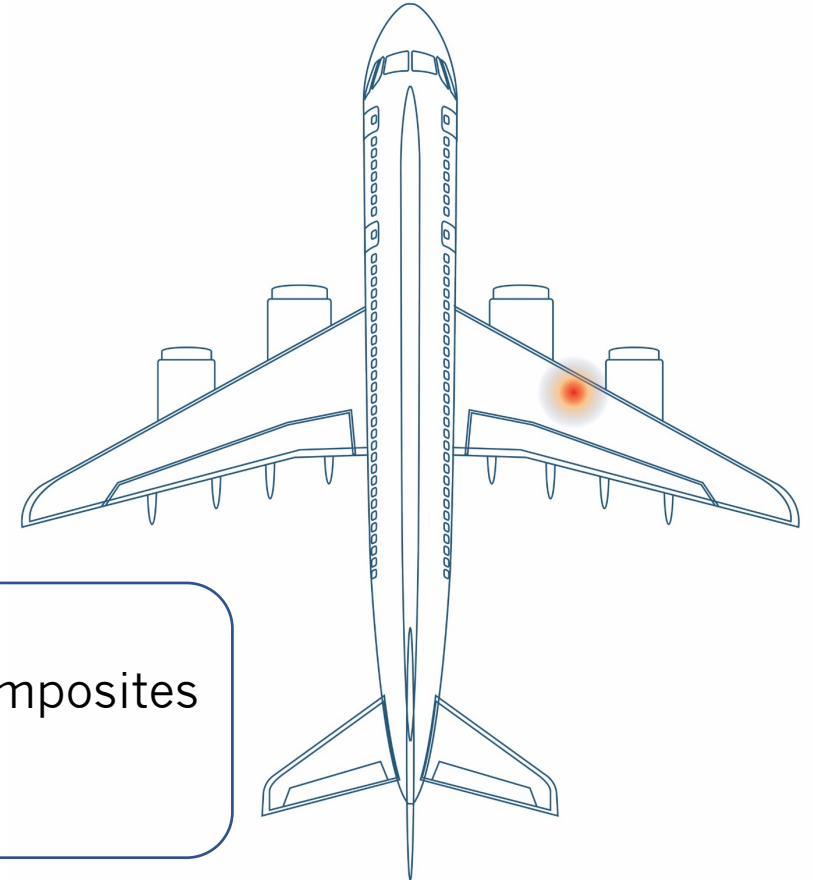
Short Range, High Resolution



Creating a central nervous system in structures similar to that in the human body.

High-Definition Fiber Optic Sensing

- Measuring strain and temperature in composites and other advanced materials
- Focus on aerospace and automotive



Long-range, lower resolution



- High-Speed, Long Range FBG Sensing
 - Measuring strain, temperature, acceleration, displacement and pressure
 - Focus on structural health and security
 - Buildings, tunnels, bridges
 - Perimeter security
- Exclusive license agreement with Meggitt PLC for supply of fiber optic components and technology for aircraft fire and overheat detection equipment

Terahertz Technology



THz technology is used to ensure consistent layer thickness in high volume production of plastic food packaging

- Process control, inspection and non-destructive testing
 - Advanced technology to perform unique measurements unavailable from existing instrumentation
 - Unique measurement of composites and coatings with easy to use hand-held tools
 - Focus on manufacturing environments and hand-held version used in final inspection
 - Lockheed Martin
 - Plastic packaging

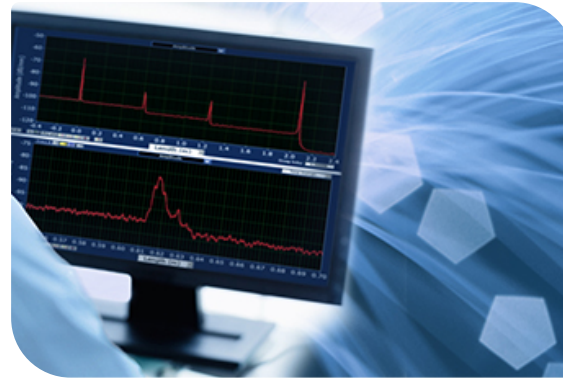
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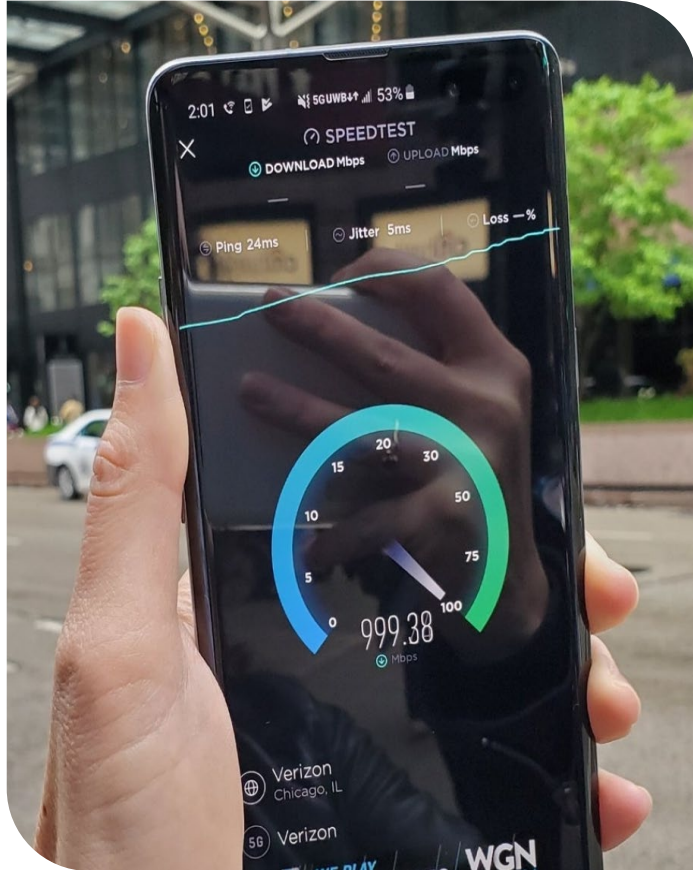
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Optical component development and manufacturing



*999Mbps 5G wireless signal 20x faster than 4G.
OVA enables the high-speed fiber network behind this.*

- Silicon photonics is creating demands for advanced test solutions
- Reduces time and cost associated with the development of high-speed optical components
- Focus on enabling the carriers to move to 5G networks

Fiber and short network test



Data Centers enable 'cloud computing' – the OBR helps diagnose fiber networks to ensure uptime.

- Bandwidth demands continue to drive double-digit connectivity growth
- Delivers unprecedented visibility into short-haul networks
- Focus on enabling the carriers to move to 5G networks
- Emerging market for on-board aircraft communications

Optical Measurement and Control Technologies



Modern high-speed networks require precise measurement and control

- Enhancing optical systems and network through the precision control of light
- Additional polarization products that are used in the data communication environment
- Tremendous synergy with existing customers

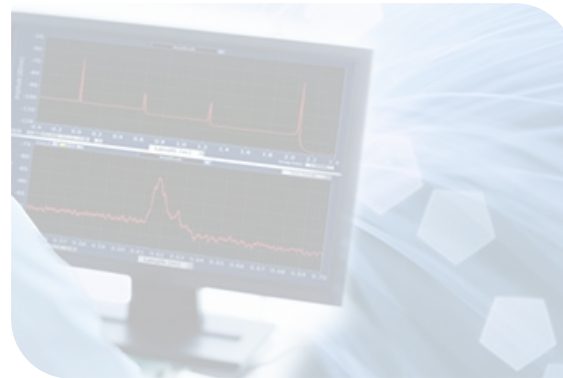
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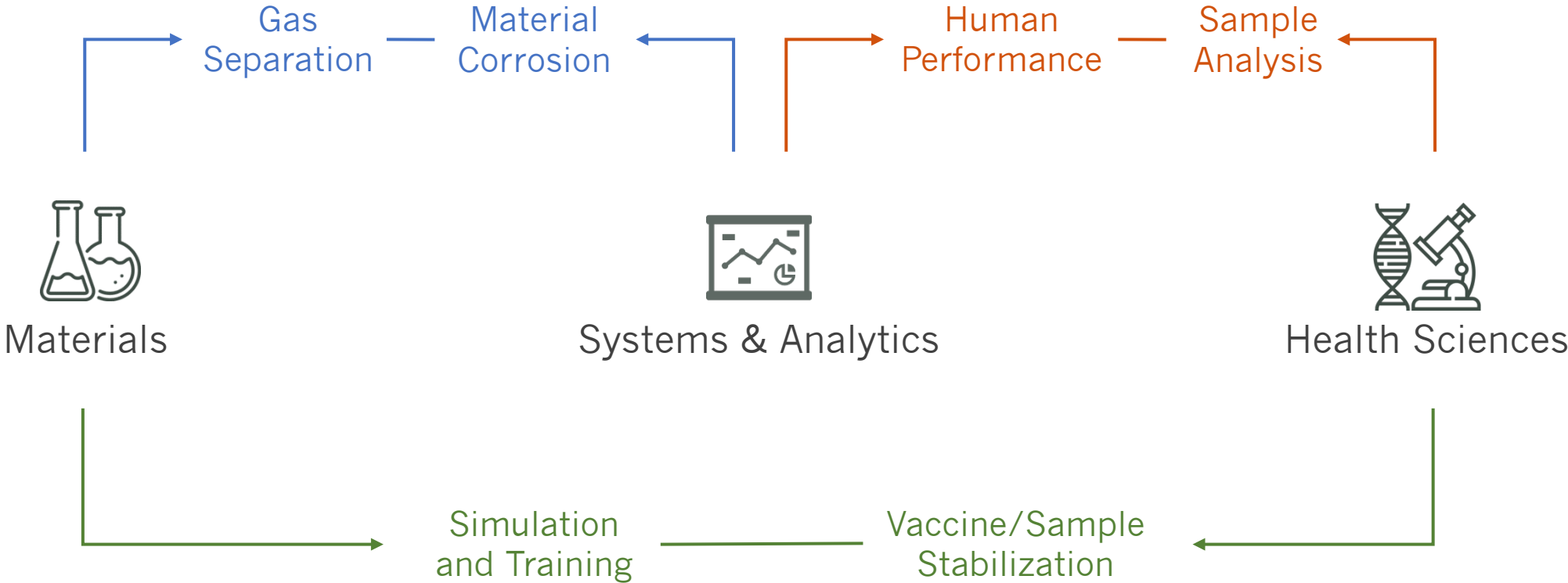
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4Q & Full Year FY19 Results



Fourth-quarter 2019: Financial Results

- Strong financial performance:
 - Ninth consecutive quarter of year-over-year, double-digit revenue growth from continuing operations
 - \$1.7M improvement in Adjusted EBITDA year-over-year
- Total revenues of \$19.5M; up 44% year-over-year:
 - Products and licensing revenue of \$13.0M; up 63% year-over-year
 - Technology development revenue of \$6.4M; up 16% year-over-year
- Net income from continuing operations of \$2.1M, or \$0.07 per fully diluted share, for the three months ended December 31, 2019, compared to (\$0.1M), or \$0.00 per fully diluted share, for the three months ended December 31, 2018
- Adjusted EBITDA¹ doubled to \$3.2M for the three months ended December 31, 2019, compared to \$1.6M for the three months ended December 31, 2018

¹Adj EBITDA is a non-GAAP measure. Reconciliation of comparable GAAP measures to non-GAAP measures are included in the appendix to this presentation.

Full Year 2019: Financial Results

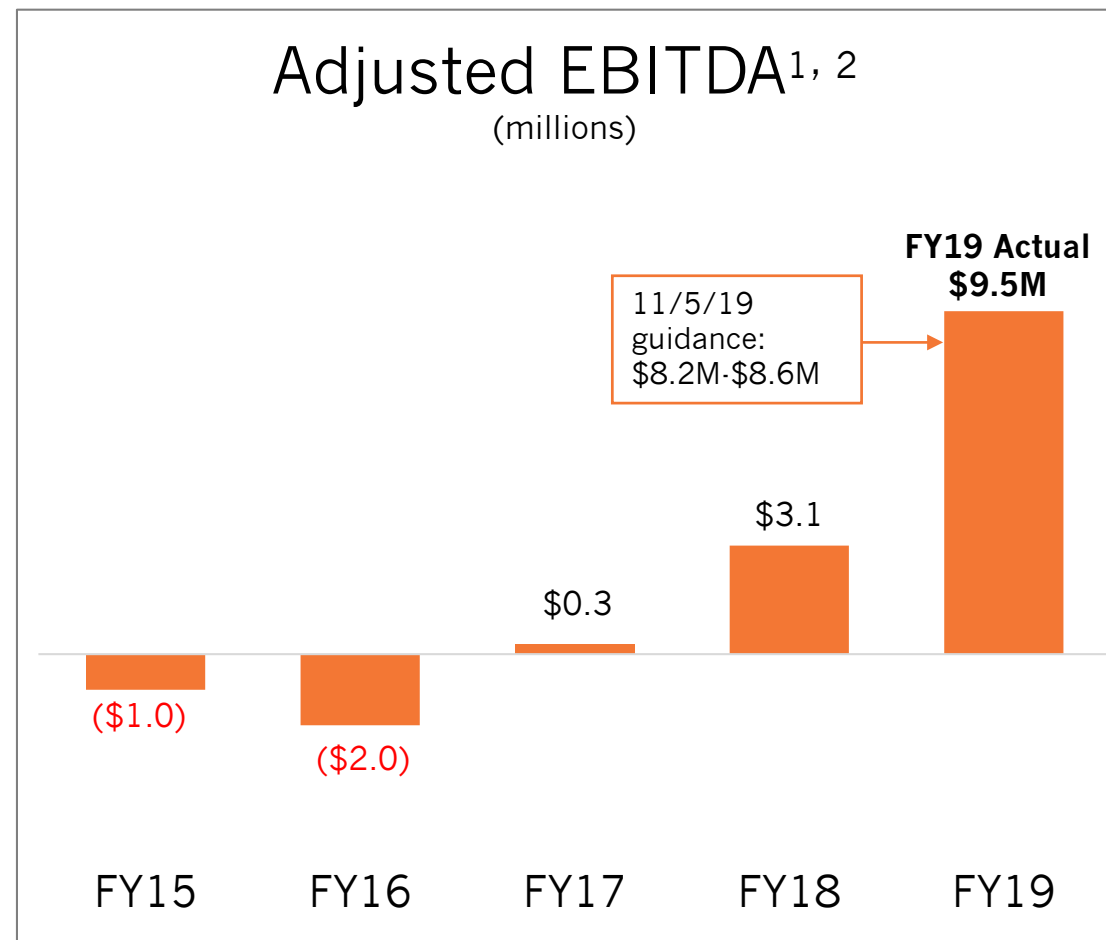
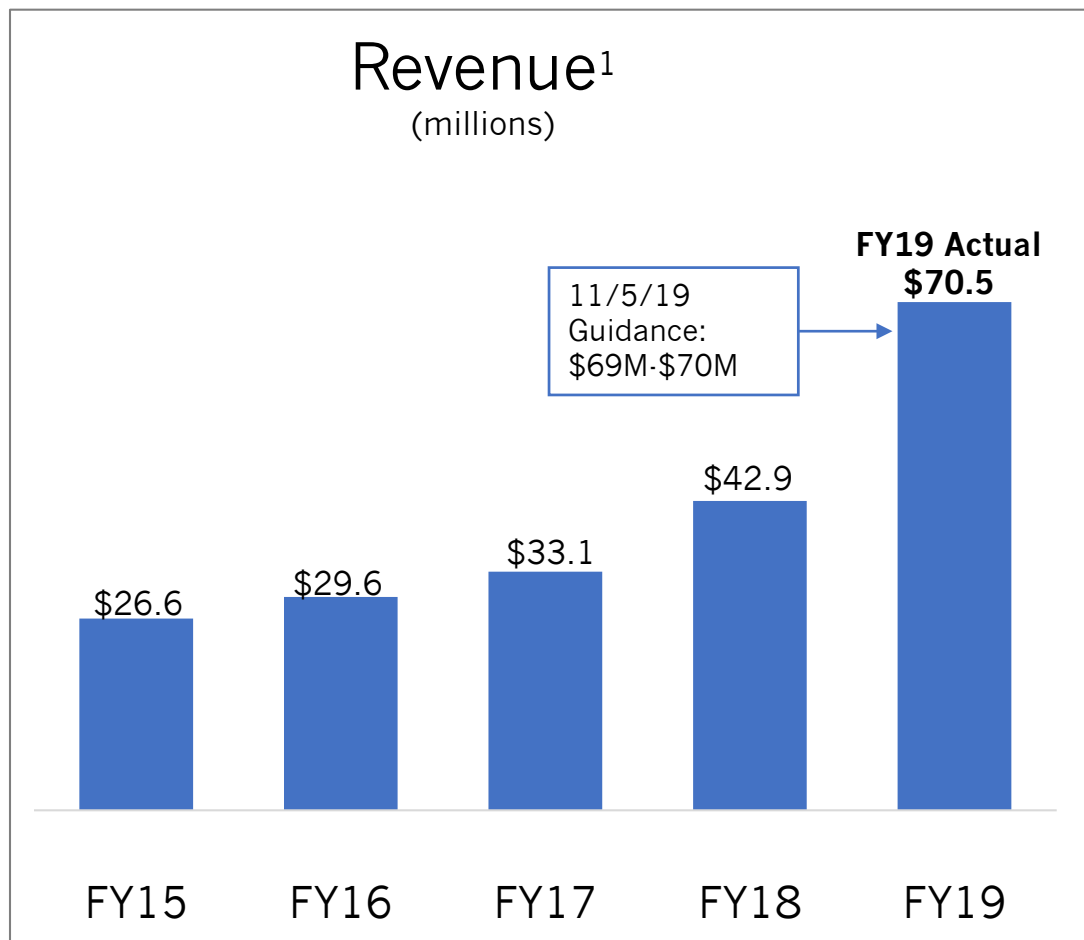
- Strong financial performance:
 - Second full fiscal year of year-over-year, double-digit revenue growth from continuing operations
 - Nearly \$6.4M improvement in Adjusted EBITDA year-over-year, representing 201% growth
- Total revenues of \$70.5M; up 64% year-over-year:
 - Products and licensing revenue of \$44.5M; up 103% year-over-year
 - Technology development revenue of \$26.0M; up 24% year-over-year
- Net income from continuing operations of \$5.3M, or \$0.17 per fully diluted share, for the year ended December 31, 2019, compared to \$1.2M, or \$0.04 per fully diluted share, for the year ended December 31, 2018
 - FY19 includes a tax benefit of \$3.3M due to the release of valuation allowances against NOLs
- Adjusted EBITDA¹ improved to \$9.5M for the year ended December 31, 2019, compared to \$3.1M for the year ended December 31, 2018

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Fiscal 2019 Accomplishments

- Acquired General Photonics, leader in characterization and control of light for photonics applications
- Received large purchase order for tunable lasers from industry-leading robotics company
- Named 2019 Innovator of the Year by the Roanoke-Blacksburg Technology Council
- Launched Luna 6415, providing breakthrough measurement capability for fiber optics
- Signed exclusive license agreement for the supply of fiber optic technology with Meggitt PLC
- Initiated and fully executed \$2 million stock buyback program
- Added diversity and cybersecurity expertise to our Board, with addition of Mary Beth Vitale
- Simplified capital structure by converting Series A convertible preferred stock into common stock; ceased accrual of preferred dividends; all resulting in a single class of common stock and no preferred dividends
- Put in place a new \$10 million revolving credit facility
- Selected as NASA Partner for Moon and Mars Technologies (exploration studies)
- Named Gene Nestro as Chief Financial Officer

Strong 2019 Fiscal Year Financial Results



¹ Based on management's estimates of the impact from the divestiture of Optoelectronics. Includes the acquisitions of Micron Optics and General Photonics.

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A Flexible Balance Sheet and Strong Cash Position

- Balance sheet on December 31, 2019:
 - \$86.5M in total assets
 - \$25.0M in cash and cash equivalents
 - \$41.1M in working capital
- Continued focus on working capital and reinvestment in business in order to generate long-term sustainable growth

2020 Financial Outlook



2020 Financial Outlook

- Issuing FY2020 outlook:
 - Total revenues of \$81M to \$84M
 - Adjusted EBITDA of \$10M to \$12M¹

¹Adj EBITDA is a non-GAAP measure. Reconciliation of comparable GAAP measures to non-GAAP measures are included in the appendix to this presentation. The outlook above does not include any future acquisitions, divestitures, or unanticipated events.

Why Invest in Luna?

- **Proprietary**, measurement technology, offering **unprecedented** combination of resolution, accuracy and speed
- Customers in **attractive markets**: Aerospace, Automotive, Communications, Energy and Defense
- Positioned to **take advantage of trends** such as vehicle light-weighting and increasing demands on data centers and broadband capacity
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