



Scott A. Graeff, President and CEO

Oppenheimer Emerging Growth Conference

May 12, 2020

Safe Harbor

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

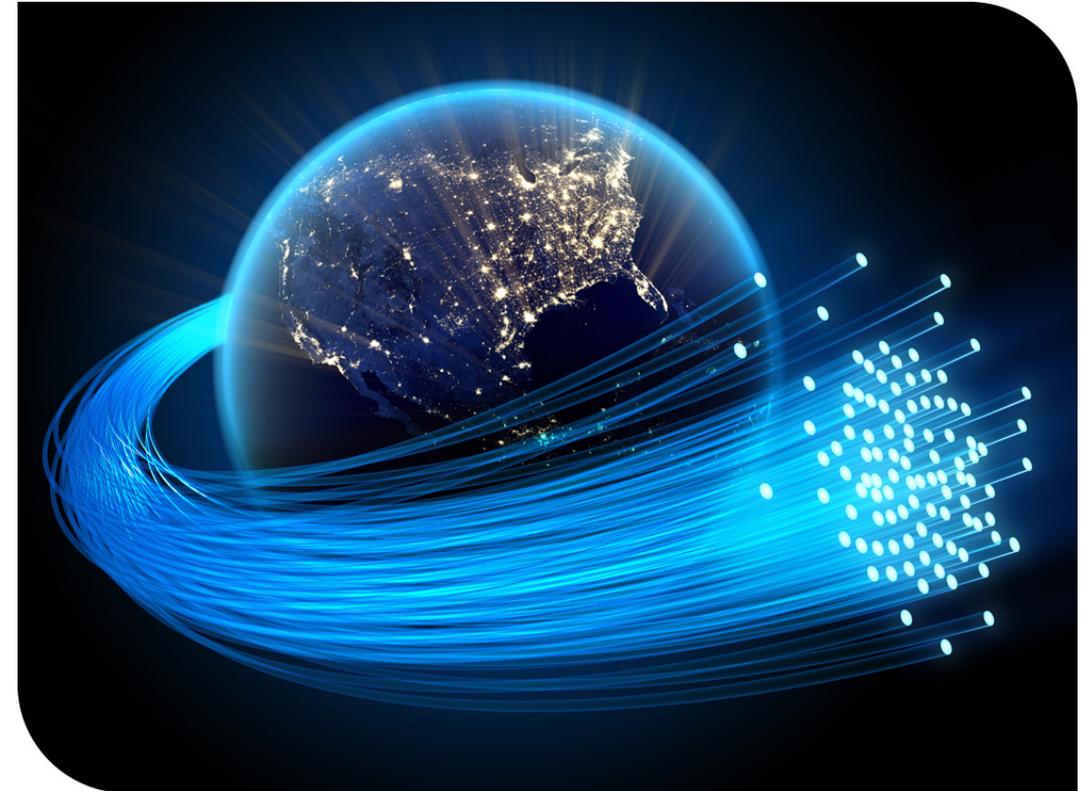
This presentation includes information that constitutes “forward-looking statements” made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the company's expectations regarding the company's future financial performance, including 2020 guidance, and the potential demand for its products, the company's growth potential, its balance sheet and capitalization, its technological advantages, the potential impacts of the COVID-19 pandemic on its business, operations and financial results, 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, uncertainties related to the ultimate impact of the COVID-19 pandemic 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, May 7, 2020, 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**



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



History

Incorporated 1990
IPO 2006 (NASDAQ: LUNA)



Reporting Segments

Lightwave *(Products & Licensing)*
Luna Labs *(Technology Development)*



Revenue

FY19 Actual \$70.5M
FY20 Guidance* \$81M-84M
(Lower end of range)



AEBITDA

FY19 Actual \$9.5M
FY20 Guidance* \$10M-12M
(Lower end of range)



HDQ: Roanoke, VA

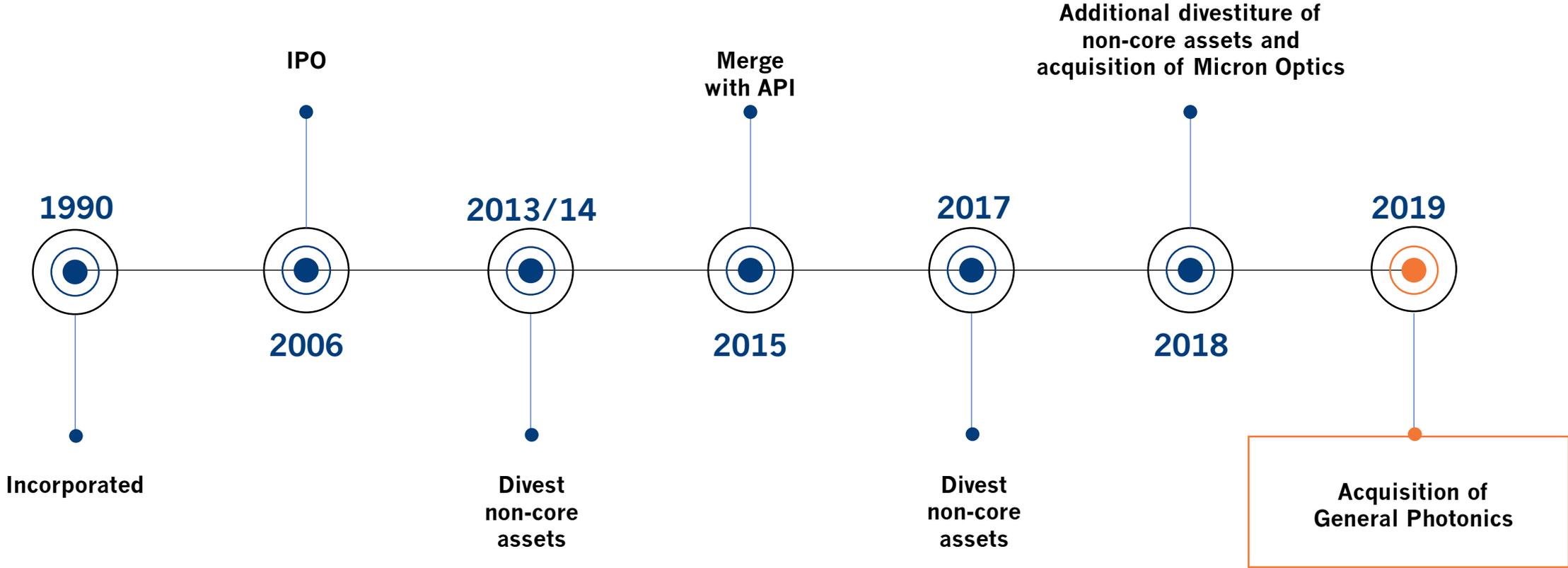
270+ Employees

Including leading engineers,
scientists, innovators

* Guidance provided in 3/5/20 earnings release and call; reaffirmed on 5/7/20 but at lower end of ranges. For informational purposes only. This presentation does not constitute an update or reaffirmation.

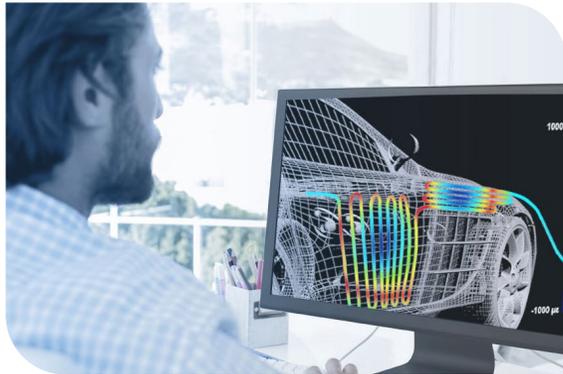
Luna has a clear vision and established history

Vision: Enabling the Future with Fiber



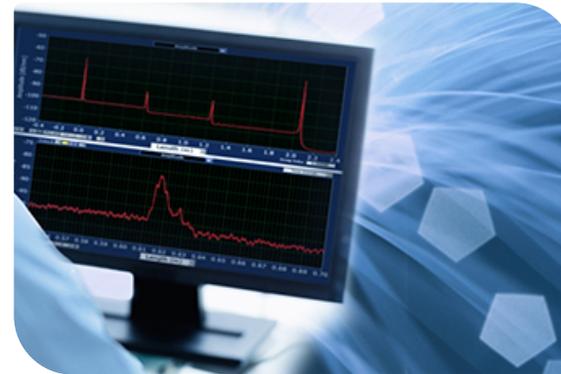
Accelerating our technology is bringing new and innovative products to market

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

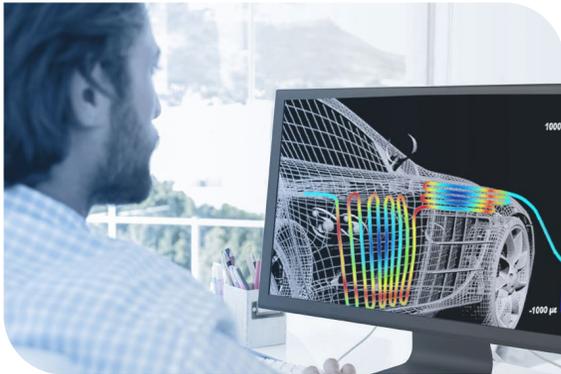


Contract Research

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

Structural & Material Test and Process Control Products

Lightwave Division



Structural & Material Test and Process Control

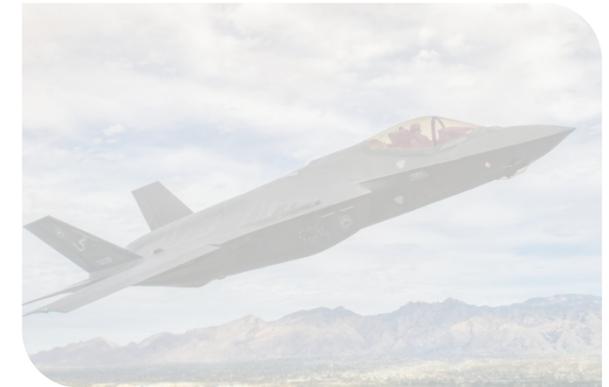
High-definition distributed sensing and high-precision gauging not available using conventional measurement technologies



Communications Test & Measurement

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

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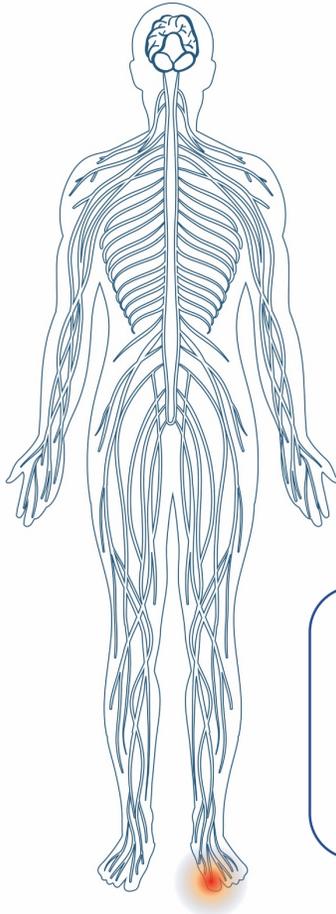
Short Range, High Resolution



*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

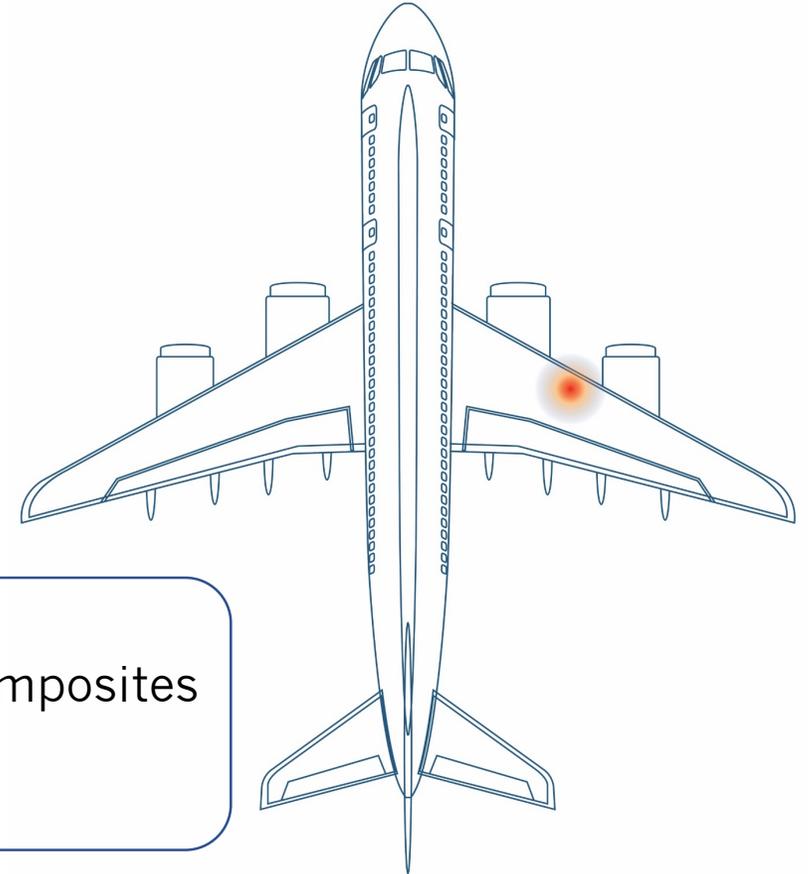
Short Range, High Resolution



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

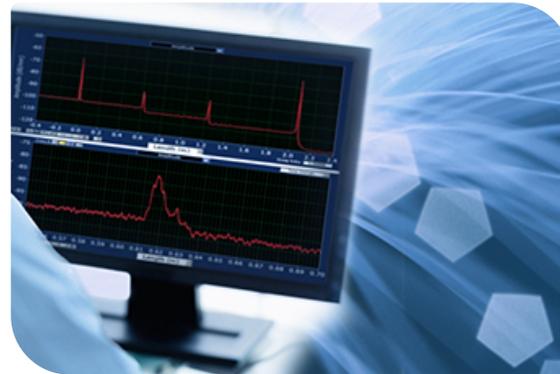
Communications Test & Measurement Products

Lightwave Division



Structural & Material Test and Process Control

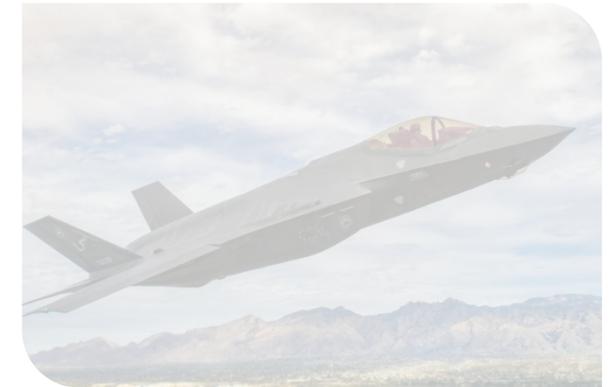
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Communications Test & Measurement

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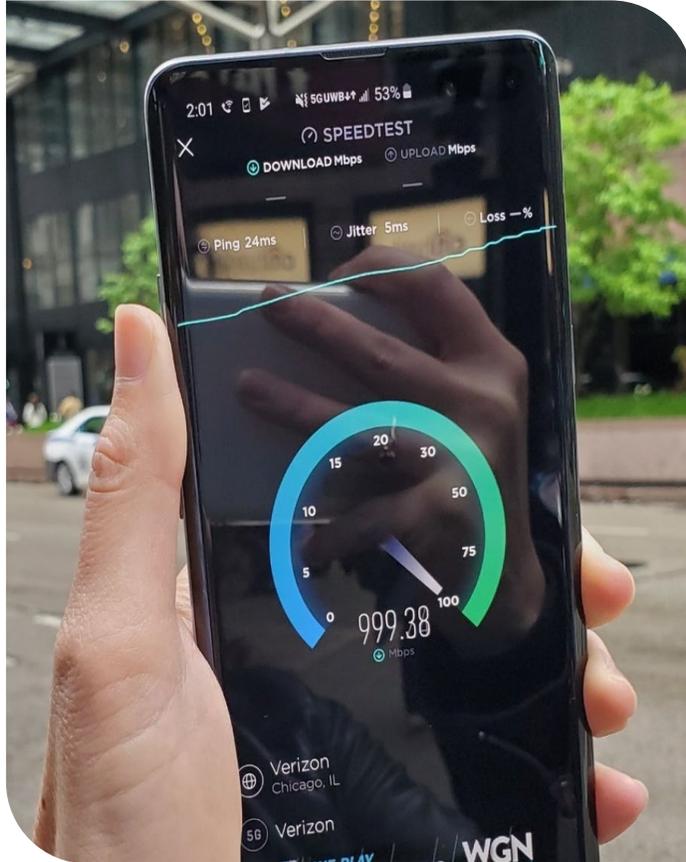
Luna Labs



Contract Research

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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

Contract Research Products

Lightwave Division



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Communications Test & Measurement

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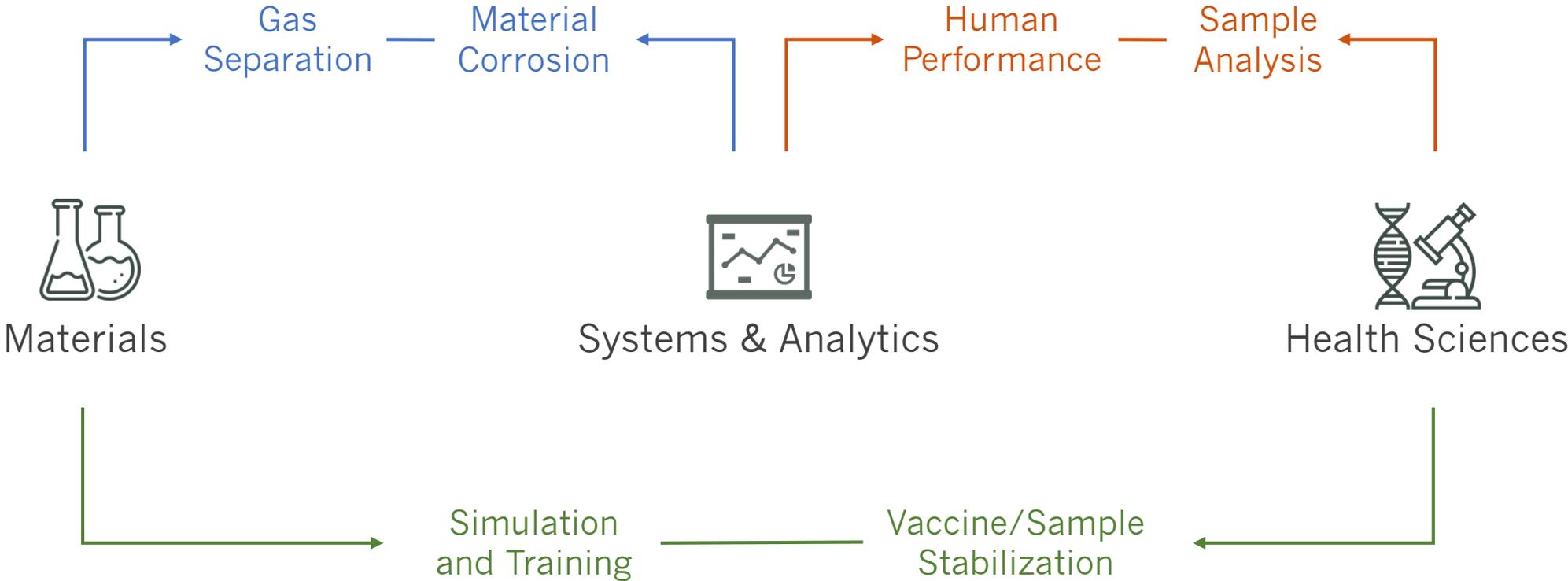
Luna Labs



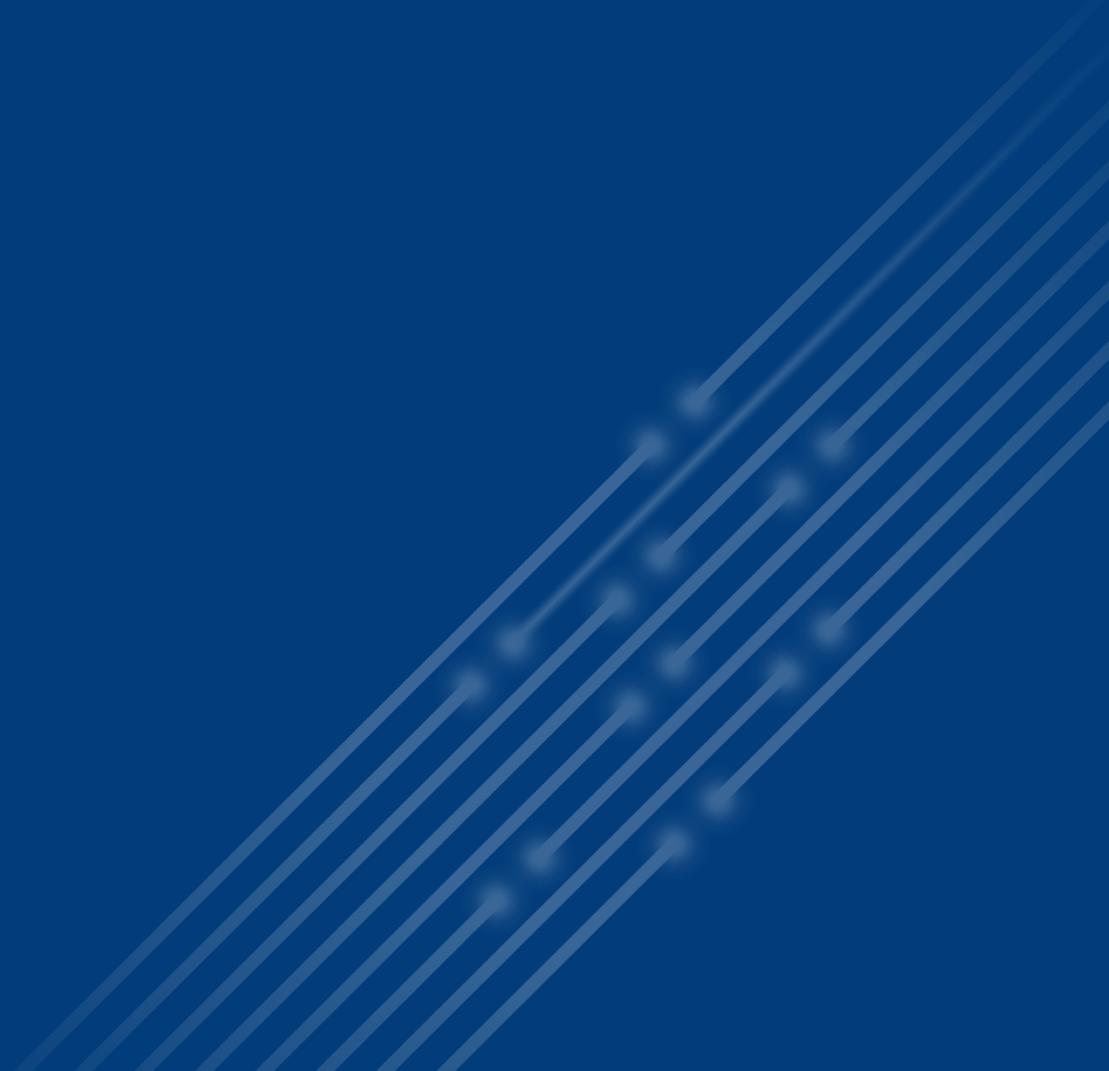
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1Q FY20 Results



First-quarter 2020: Key Financial Results

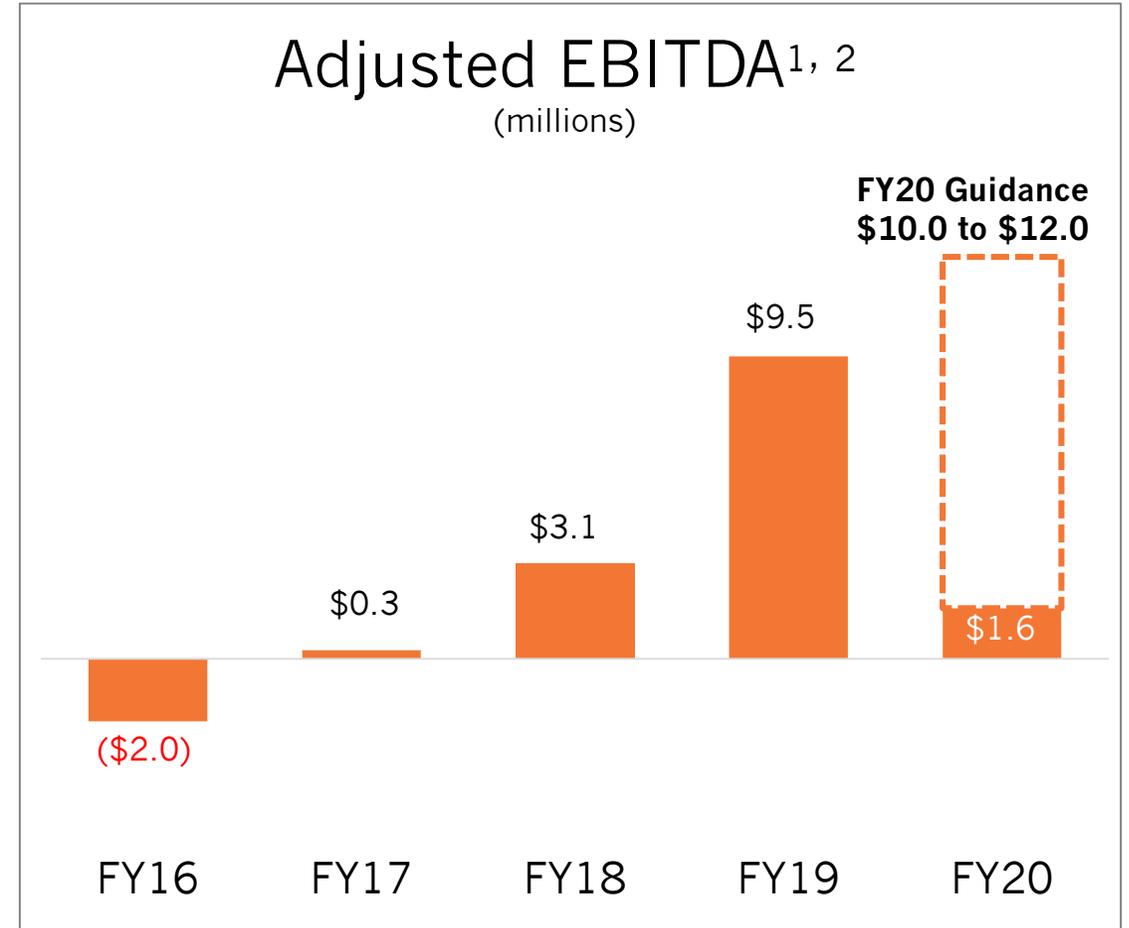
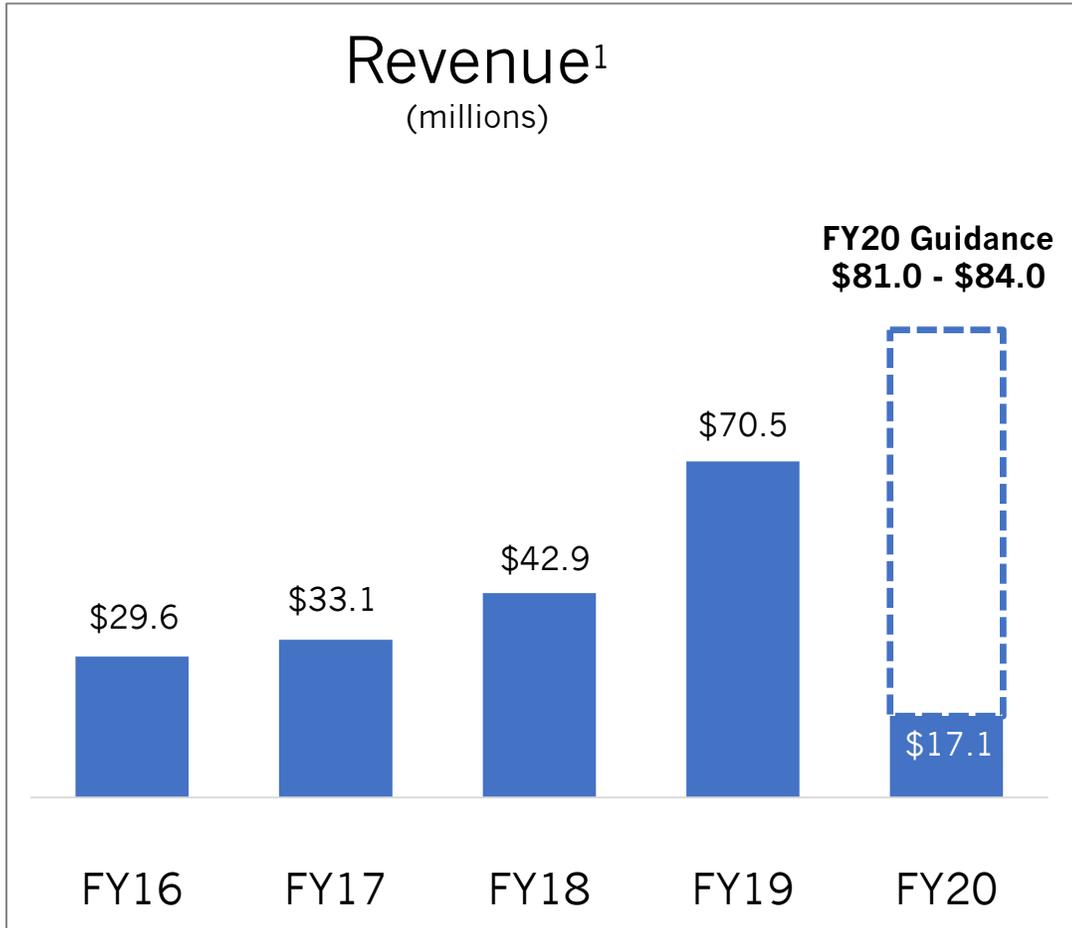
- Strong financial performance:
 - Strong first quarter start to the year
 - \$0.6M improvement in Adjusted EBITDA¹ year-over-year
- Total revenues of \$17.1M; up 16% year-over-year:
 - Products and licensing revenue of \$10.3M; up 26% year-over-year
 - Technology development revenue of \$6.8M; up 3% year-over-year
- Operating income improved to \$0.4 million in Q1 2020 from a loss of (\$0.9) in Q1 2019 due to increased revenue and gross profit as well as improved operating expense leverage
- Net income from continuing operations of \$0.3M, or \$0.01 per fully diluted share, for the three months ended March 31, 2020, compared to \$1.1M, or \$0.03 per fully diluted share, for the three months ended March 31, 2019 that included a \$1.9 million income tax benefit related to a reduction in deferred tax asset valuation allowances due to the General Photonics acquisition
- Adjusted EBITDA¹ increased to \$1.6M for the three months ended March 31, 2020, compared to \$1.0M for the three months ended March 31, 2019
- Reaffirmed 2020 outlook, at lower end of the ranges

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

First-quarter 2020 and Other Recent Accomplishments

- Reported strong first-quarter 2020 financial results
- Featured in *Engineering360*, for Luna's HYPERION and ODiSI systems designed into the DEFIANT racing yacht, competing in the 36th America's Cup as American Magic
- Participated in important Photonics West and OFC trade shows in person
- Released industry's highest resolution portable reflectometer: OBR 6225
- Collaborated with Museo del Cenacolo Vinciano (Milan, IT) to leverage TeraMetrix THz equipment to examine Leonardo Da Vinci's famous *Last Supper* painting
- Collaborated with OESH to design / produce flexible 3D printed respirator masks for use during N95 respirator mask shortage

Strong Financial Results



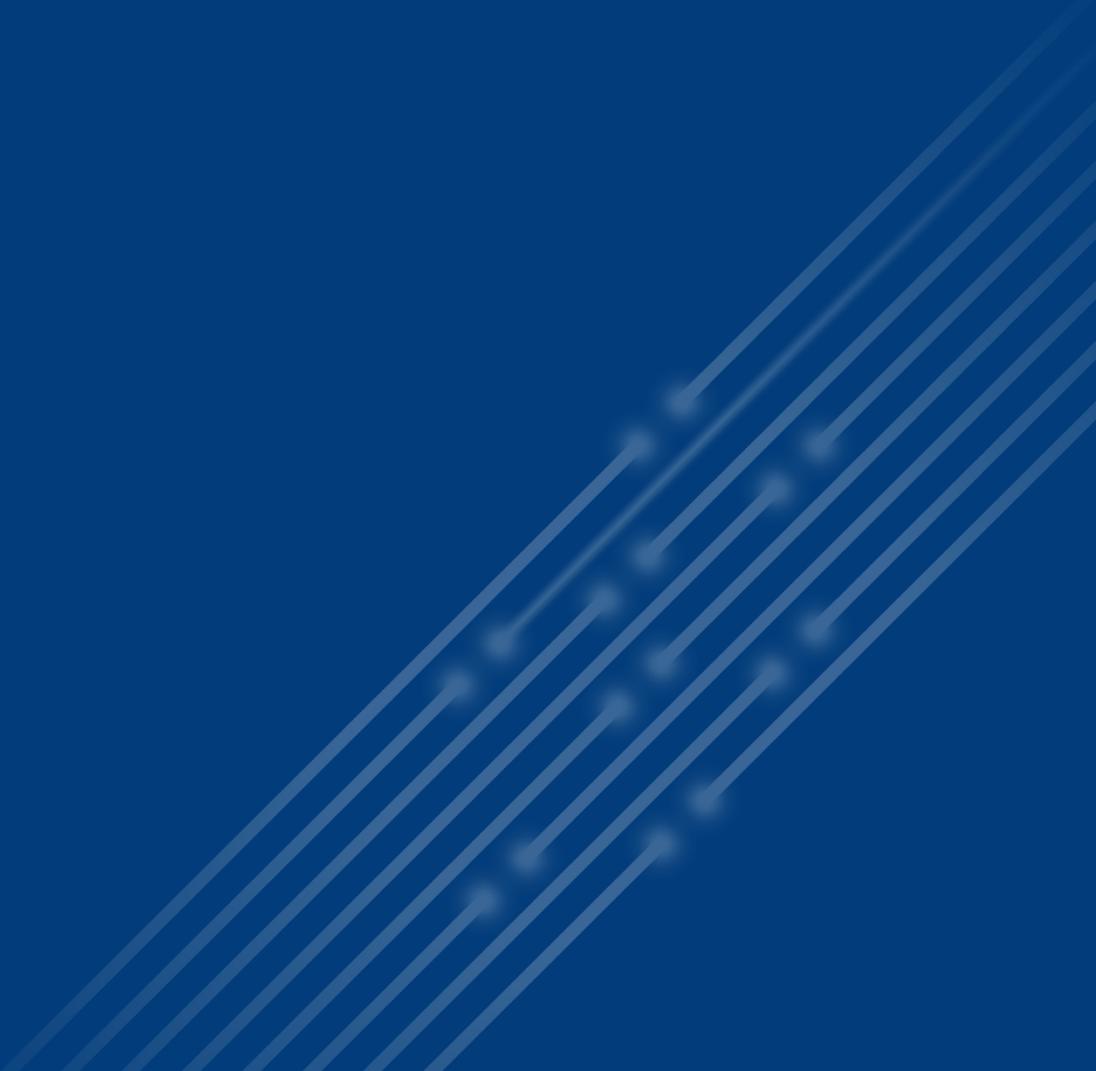
¹ Based on management's estimates of the impact from the divestiture of Optoelectronics. Includes the acquisitions of Micron Optics and General Photonics.

² Adj EBITDA is a non-GAAP measure. Reconciliation of comparable GAAP measures to non-GAAP measures are included in the appendix to this presentation.

A Flexible Balance Sheet and Strong Cash Position

- Strong balance sheet on March 31, 2020:
 - \$85.0M in total assets
 - \$26.3M in cash and cash equivalents
 - \$41.9M in working capital
- Access to \$10 million revolving credit facility, if needed
- Continued focus on working capital and reinvestment in business in order to generate long-term sustainable growth

2020 Financial Outlook



2020 Financial Outlook

- Maintaining FY2020 outlook, although guiding towards the low end of the ranges:
 - Total revenues of \$81M to \$84M
 - Adjusted EBITDA¹ of \$10M to \$12M
- Anticipating results will be weighted to the second half, with the percentage split in H1 2020 expected to be slightly below historical trends

¹ Adj 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
- **Adequately capitalized** to fund growth
- Long-tenured, **experienced** executive team / board
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