

Energy Focus Inc.

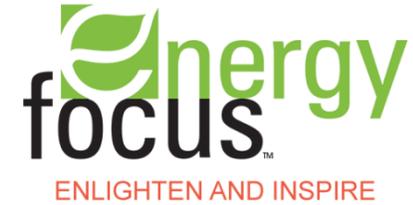
Investor Presentation

June 2020

Forward Looking Statement

Forward-looking statements in this presentation are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, these statements can be identified by the use of words such as “believes,” “estimates,” “anticipates,” “expects,” “seeks,” “projects,” “intends,” “plans,” “may,” “will,” “should,” “could,” “would” and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words or phrases. These forward-looking statements include all matters that are not historical facts and include statements regarding our current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, capital expenditures and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this presentation. We believe that important factors that could cause our actual results to differ materially from forward-looking statements include, but are not limited to: (i) disruptions in the U.S. and global economy and business interruptions resulting from the recent coronavirus (“COVID-19”) health pandemic outbreak and related stay-at-home orders, quarantine policies and restrictions on travel, trade and business operations; (ii) our need for additional financing in the near term to continue our operations; (iii) our liquidity and refinancing demands; (iv) our ability to obtain refinancing or extend maturing debt; (v) our ability to continue as a going concern for a reasonable period of time; (vi) our ability to implement plans to increase sales and control expenses; (vii) our reliance on a limited number of customers for a significant portion of our revenue, and our ability to maintain or grow such sales levels; (viii) our ability to increase sales by adding new customers to reduce the reliance of our sales on a smaller group of customers, and the long sales-cycle that our product requires; (ix) our ability to increase demand in our targeted markets and to manage sales cycles that are difficult to predict and may span several quarters; (x) the timing of large customer orders, significant expenses and fluctuations between demand and capacity as we invest in growth opportunities; (xi) our ability to compete effectively against companies with lower cost structures or greater resources, or more rapid development efforts, and new competitors in our target markets; (xii) our ability to successfully scale our network of sales representatives, agents, and distributors to match the sales reach of larger, established competitors; (xiii) market acceptance of LED lighting technologies and products; (xiv) our ability to attract and retain qualified personnel, and to do so in a timely manner; (xv) the impact of any type of legal inquiry, claim, or dispute; (xvi) general economic conditions in the United States and in other markets in which we operate or secure products; (xvii) our dependence on military maritime customers and on the levels of government funding available to such customers, as well as the funding resources of our other customers in the public sector and commercial markets; (xviii) the possible impact on our military maritime customers and their ability to honor the timing for existing orders or place future orders due to COVID-19 breakouts amongst personnel that might impact the use of ships in service; (xix) business interruptions resulting from geopolitical actions, including war and terrorism, natural disasters, including earthquakes, typhoons, floods and fires or from health epidemics or pandemics or other contagious outbreaks; (xx) our reliance on a limited number of third-party suppliers, our ability to obtain critical components and finished products from such suppliers on acceptable terms, and the impact of our fluctuating demand on the stability of such suppliers; (xxi) our ability to timely and efficiently transport products from our third-party suppliers to our facility by ocean marine channels; (xxii) our ability to respond to new lighting technologies and market trends, and fulfill our warranty obligations with safe and reliable products; (xxiii) any delays we may encounter in making new products available or fulfilling customer specifications; (xxiv) any flaws or defects in our products or in the manner in which they are used or installed; (xxv) our ability to protect our intellectual property rights and other confidential information, and manage infringement claims by others; (xxvi) our compliance with government contracting laws and regulations, through both direct and indirect sale channels, as well as other laws, such as those relating to the environment and health and safety; (xxvii) risks inherent in international markets, such as economic and political uncertainty, changing regulatory and tax requirements and currency fluctuations, including tariffs and other potential barriers to international trade; and (xxviii) our ability to remediate a significant deficiency, maintain effective internal controls and otherwise comply with our obligations as a public company and under Nasdaq listing standards.

Company Snapshot

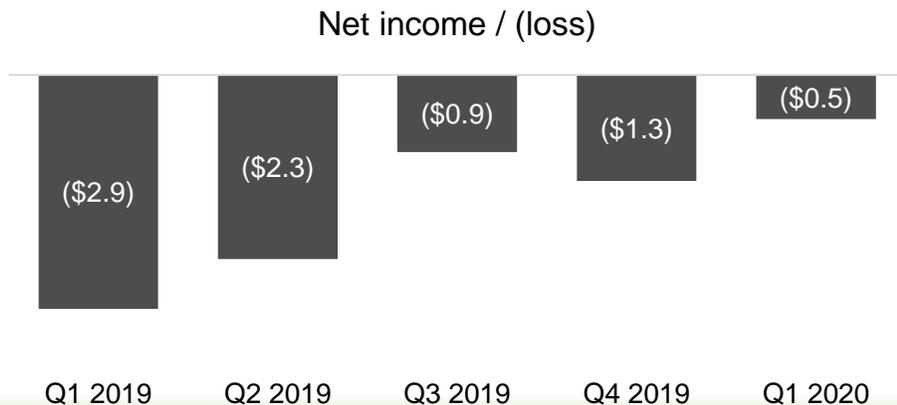
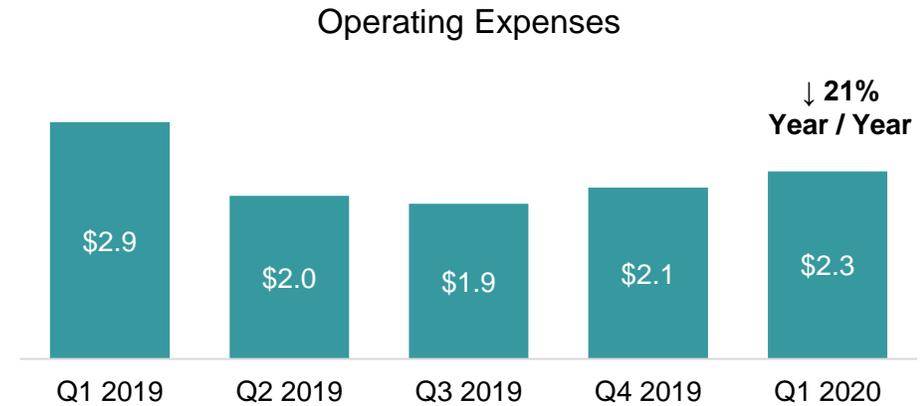
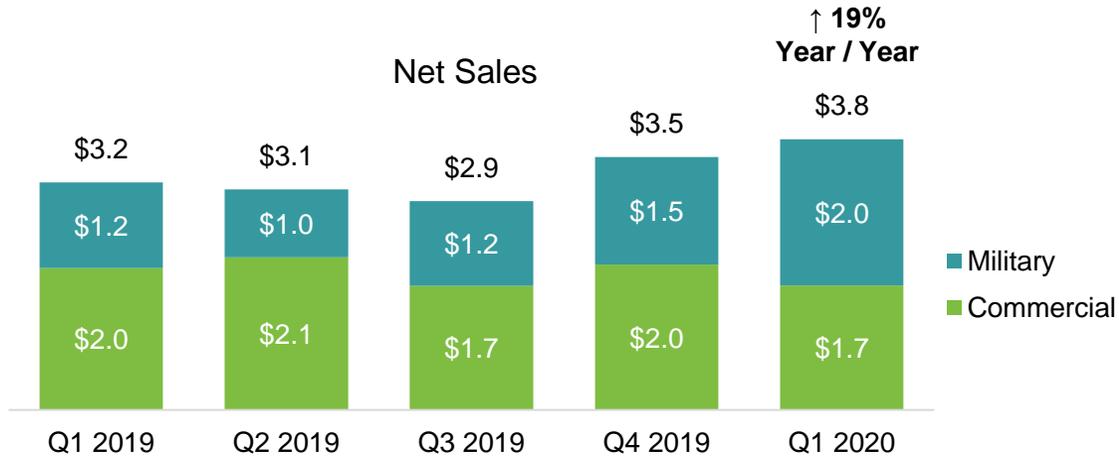


- **Industry leader of advanced LED lighting technologies and solutions:**
 - With a proven track record for superior quality and innovation in LED since 2004
 - Delivering substantial “**triple-bottom-line**” (financial, environmental and human) impacts (“total sustainability”)
 - Marquee enterprise customers, including U.S. and foreign navies, U.S. governments, healthcare, educational, and Fortune 500 organizations
- **New management since April 2019** restructured and relaunched growth:
 - Aiming to build a global industry leader and create exceptional value as **LED and connected lighting** adoption accelerates
 - Reduced losses by 60%+ and started growing sales from Q4 2019
 - Q1 2020 sales grew 19% yoy and 7% sequentially
- Recently introduced **EnFocus™**:
 - A breakthrough, patent-pending lighting control platform with Human-Centric Lighting (HCL) capabilities, initially including dimming and color tuning
 - Targeting the retrofit market--5.6M commercial buildings in the US alone
 - Rapidly expanding multi-layer distribution channel network

Recent Quarterly Financial Overview

\$ in millions

Improving financial performance driven by relaunch initiatives Since Q2 2019



Current Commercial & Industrial Products—Covering 80%+ Indoor Lighting Needs for C&I Buildings

- **Linear Lamps:**

- T12 TLED
- T8 TLED
- T8 Intellitube® TLED
- T5 High Output TLED
- Twin Tube
- LED Retrofit Kit
- RedCap® Emergency Backup TLED



- **TLED-based Fixtures:**

- High and Low Bay
- Vapor Tight
- Troffer



- **Luminaires:**

- Docklight
- Downlight
- Flood and Area Light
- Explosion and Hazardous Location Globes



- **EnFocus™ Control Platform:**



Proven Quality Leadership & Mission-Critical Installations

Education

Quality of lighting and **flicker free** environment is important to schools for enhanced, focused concentration and learning



- **230+** unique customers, including U. of Minnesota, U. of Central Florida, Yale, St. John's, Penn State, Michigan State, over 100 school districts

Healthcare

Environmental **sustainability**, **quality of lighting**, **flicker free** environment and circadian rhythm capabilities



- **70+** unique hospital customers including National Institute of Health, Cleveland Clinic, Mayo Clinic, Cardinal Health, Northwestern U. Medical

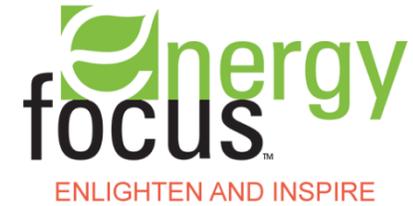
U.S. Navy

Energy and maintenance savings, and improved **quality of lighting** for sailors important to the U.S. Navy



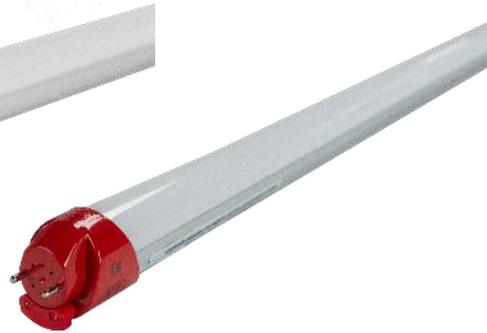
- **160+** unique military customers including US Navy, Australian Navy, Canadian Navy, ConocoPhillips; 70%+ market share in US Navy LED lighting & 800K+ installed

Corporate History and Recent Key Developments



1985	FiberStars founded in Silicon Valley – fiber optic lighting for pools, spas and hot tubs
2001	FiberStars acquires LED lighting company Unison led by John Davenport (previously Head of GE Lighting Research) rebrands to Energy Focus and relocates headquarters to Ohio
2004-2012	Awarded over \$27M in research contracts and grants to develop energy efficient LED lighting products, including grants from the Defense Advanced Research Projects Agency (“ DARPA ”)
2013-2016	James Tu appointed Chairman & CEO and restructured Energy Focus; awarded supply contract from the U.S. Navy as sole supplier of TLEDs to US Navy; Revenues ramp up to \$64M in 2015
2019 Apr	13D investors, including James Tu, invests \$1.7M in convertibles; new board of directors , appointing James Tu as Chairman and CEO; ~30%+ insider ownership
2019 July	Tod Nestor named President & CFO; Re-engineer Navy products for significant cost reductions ; Initiated development of EnFocus™
2019 Sep	Company sales started to grow on both annual and sequential bases; EnFocus™ patents filed
2020 YTD	Company received \$7.6M military contracts between Oct-Mar 2020; more patents filed on EnFocus™; initiated development and filed patents for UV disinfection lighting products

Distinguished History of Disruptive Technology Innovations



Intellitube®

First Dual-Mode TLED works with (Type A) or without a ballast (Type B)

Flicker-Free

First TLED with < 1% optical flicker (UL-Certified)

RedCap®

First integrated TLED Emergency Battery Backup (UL® -Verified)

Awarded Patent May 2019

EnFocus™ Lighting Control Platform

Patent-Pending HCL for Retrofits; Dimming/Color Tuning/UV

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

Macro Factors Positioning EFOI for Growth

What the lighting industry is experiencing today:

- Commoditization- exacerbated by undifferentiated agents, distributors and contractors
- Vacuum of industry leadership- large lighting companies now on their own, yet do not possess entrepreneurial cultures
 - Big Three (GE, Philips & Osram), Eaton and Cree LED Lighting have been rapidly receding due to spin-offs or buyouts
- Poorly informed, confused, and hesitant customers seek quality and trust, which is currently nowhere else to be found (so they buy mostly on prices)
- LED lighting penetration rate for enterprise market only 15-20% so ready to rapidly accelerate (“S curve” inflection)

Key global trends:

- LED lighting, with appealing energy savings payback, has not made LED everywhere
- Accelerating global sustainability and ESG movement in both public and private sectors
- Affordable and accessible connected and human centric lighting expected to motivate and propel LED adoption and unlock LED lighting demand



Enterprise markets in search of reliable LED brands as well as products that are reasonably priced with customer-centric innovations

LED Lighting: Moving From Energy Efficiency To HCL & More

Transforming LEDs from an “Energy Efficiency” Story to Total Sustainability

LED Lighting

- Flicker-Free
- 10-Year Warranty
- “Military-Tough” with best industry reliability record



Emergency Battery Backup

- RedCap™



Human Centric Lighting

- Color Temperature Tuning
- Circadian Rhythm
- UV Disinfection

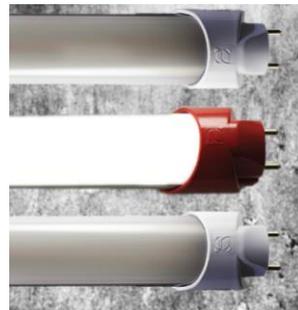


Internet-of-Things (IoT)

- Energy Monitoring & Mgt.
- Building Automation
- Smoke / Fire Detection
- Air Quality/HVAC control
- Security / Surveillance
- LiFi

Networked Lighting

- Occupancy Sensing
- Daylight Harvesting
- Social Distancing



EnFOCUS™ *Making HCL Possible*

EnFocus™: A groundbreaking Human-Centric Lighting (HCL) control platform

- **Simple retrofit installation**, with no additional wiring for control capabilities
- **Network safe and secure** LED lighting control solution
- **Preserving high power factor and low total harmonic distortion (THD)**, unlike traditional phase-cut dimming approaches
- **Much lower cost to install** than other wired or wireless dimming and color tuning LED lighting systems
- **The most sustainable and affordable** lighting control solution versus other LED alternatives. EnFocus™ LED lamps replace existing tubes instead of replacing the whole fixture



EnFocus™




ENLIGHTEN AND INSPIRE

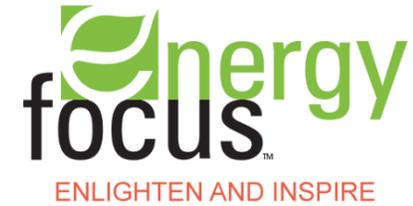
Dimming and Color Tuning For Optimal Circadian Wellness



EnFocus[™] allows you to control the lighting level and color spectrums of your lights.

You can, for example, make your lights bluer and brighter in the morning to promote alertness and assist in waking up, and then set your lights to be redder and dimmer as the day progresses to allow melatonin production.

EnFOCUS™ *Offering Disruptive HCL Value*



	EnFOCUS™ — dcl —	L* switch + integrated color tuning fixture	E* Control System w/ sensors	P*, O* Dali Control Systems
Hardware	\$230	\$700	\$1,400	\$1,400
Labor (4 fixtures, installation & removal)	\$75	\$200	\$200	\$200
Labor (switch install & conduit wiring)	\$25	\$200	\$200	\$400
Total	\$330	\$1,100	\$1,800	\$2,000

Circadian Lighting Significantly Boosts Learning Effectiveness



“Students exposed to lighting with higher light intensity and light temperature levels had, by the end of the year, increases in performance that were **33%** higher than the increases in performance of the control group.”

- Human Centric Lighting, Stan Walerczyk, CLEP, LC,
<https://humancentriclighting.org/wp-content/uploads/2012/07/Stan-Article-SSL1.pdf>

Circadian Lighting Significantly Boosts Worker Productivity



“Occupancy study shows that productivity was boosted by up to **20%**. Additionally, employees were **38%** calmer, and **10%** more focused than their colleagues in the rest of the office.”

- Dr. Marcella Ucci, head of the MSc in Health, Wellbeing and Sustainable Buildings at the University College of London
<https://www.luxreview.com/2019/05/22/office-with-circadian-lighting-boosts-productivity/>

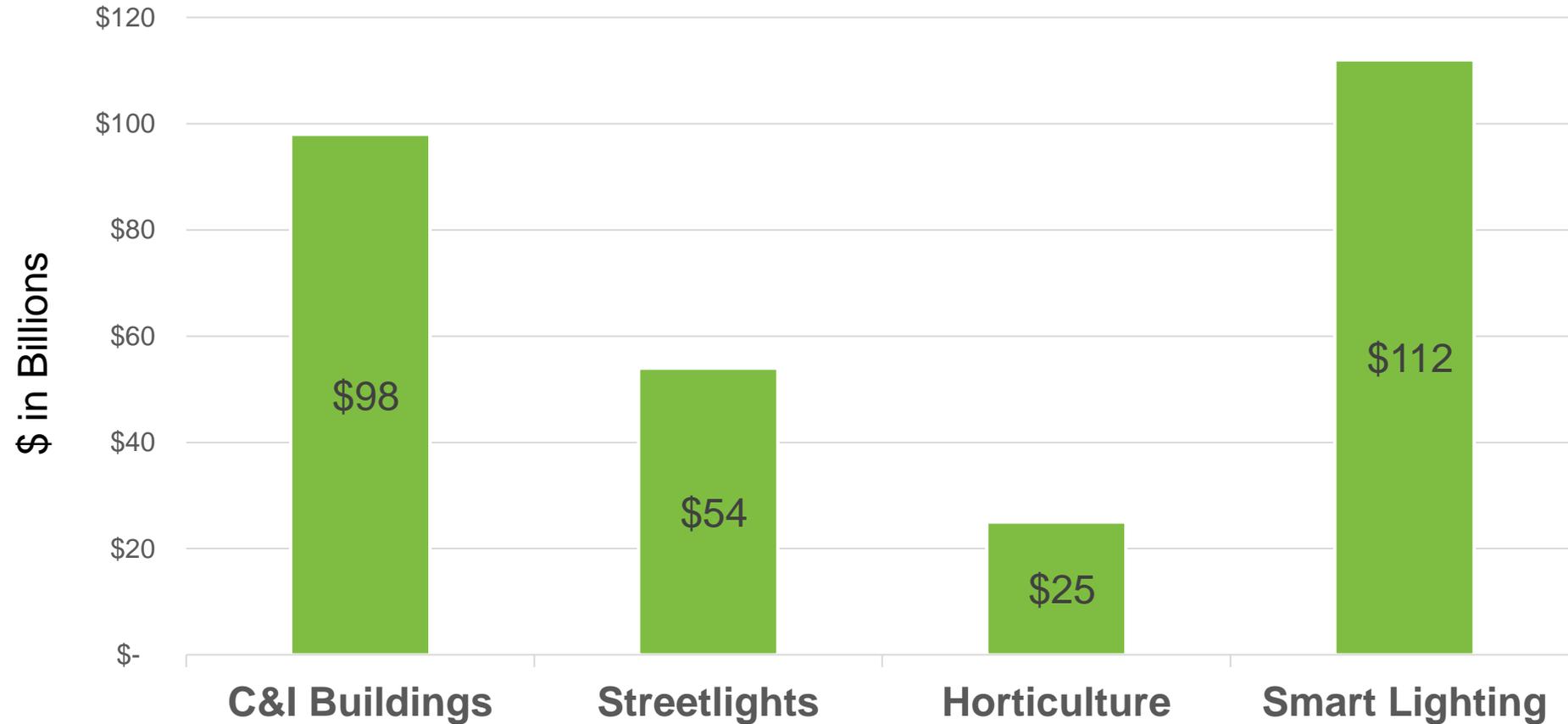
Benefits of HCL To Dwarf Energy Efficiency: 1% Productivity Gain=100% Energy Cost

Jones Lang Lasalle's real estate industry rule of thumb, called the "3-30-300", states that ...

<https://www.us.jll.com/en/trends-and-insights/workplace/a-surprising-way-to-cut-real-estate-costs>



Global C&I LED Lighting Market TAM from 2017-2026



*Source: "Market data: LED Global Outlook", Q3 2019, Navigant Research; "Global LED and Smart Streetlight: Market Forecast 2017-2027", November 2017, Research & Markets.

Summary Balance Sheets

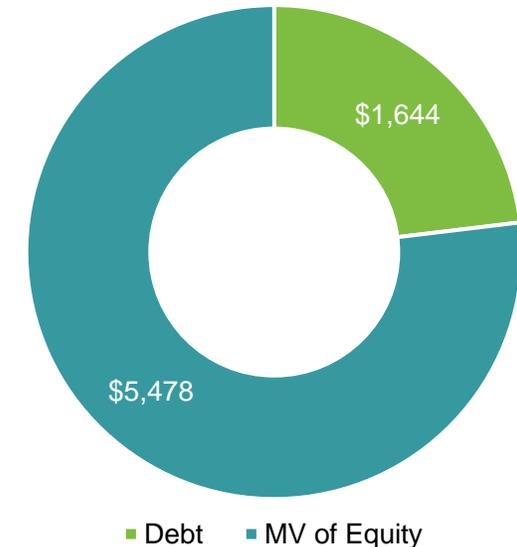
**Significantly strengthened balance sheet with \$3.1M¹ of additional capital to support growth
Total Availability of \$4.1M³**

(\$ in thousands)	As of 3/31/2020	As of 12/31/2019
Cash	\$2,911	\$350
Total current assets	\$10,181	\$9,334
Total assets	\$12,423	\$11,739
Total current liabilities	\$5,674	\$6,542
Total liabilities	\$6,539	\$7,743
Stockholders' equity	\$5,884	\$3,996
Total liabilities and stockholders' equity	\$12,423	\$11,739
Excess Availability under credit facility²	\$1,150	\$1,579
Total Availability³	\$4,061	\$1,929

- 1 Additional capital includes \$2.3M in gross proceeds from January 2020 equity offering + \$795K in proceeds from April 2020 PPP loan
- 2 Represents difference between maximum borrowing capacity of credit facility and actual borrowings
- 3 Represents Company's 'access' to cash if needed at point in time (Cash + Excess Availability)

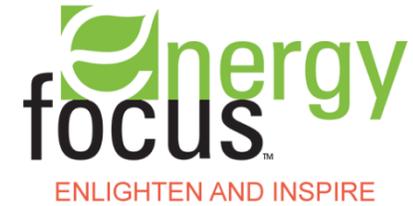
Capital Structure
(as of March 31, 2020)

\$ in thousands



Market value of equity based on closing stock price of \$0.355 on May 8, 2020 and 15.43M diluted shares outstanding as of March 31, 2020

Energy Focus: Key Investment Attributes



- **Proven and vested** executive team leading and completing corporate relaunch with quarterly growth starting in **4Q 2019**
- Significant enterprise LED lighting market opportunity with **accelerating adoption propelled by HCL and IoT**
- Proven industry **innovation leader**, with high performance LED lighting products installed in numerous military, healthcare, education and enterprise mission-critical facilities
- Introduction of breakthrough, **EnFocus™**, the breakthrough lighting control and HCL platform specifically targeting existing **5.6M commercial buildings in the US and many more globally**
- Continuing expansion of functionalities and applications built upon EnFocus™, such as **UV disinfection** and **autonomous controls**
- **Strengthened balance sheet** and liquidity to support aggressive growth
- Significant management and insider ownership **~30%**

Thank you!

Energy Focus, Inc.

James Tu, Chairman and CEO
Tod A. Nestor, President and CFO