Company Overview
Energy Focus, Inc., NASDAQ:EFOI is a leading developer and provider of energy efficiency, innovative, and award winning LED lighting products. Its advanced, high-quality tubular LED (TLEDs) lamps as well as other enterprise lighting products offer superior power-efficiency, proven reliability, UL-certified flicker-free light, and significantly lower total cost of ownership compared to fluorescent and other traditional lighting sources. Energy Focus lighting products are sold through an expanding direct sales channel and through contracting and distribution partners to government, healthcare, education, commercial and industrial markets, primarily for retrofit lighting installations. Energy Focus has served the US Navy with highly engineered, rugged LED lamps since 2007, and is the exclusive supplier for a leading healthcare institution in Northeast Ohio that has been undertaking the largest healthcare LED retrofit project in the U.S. with over 440,000 TLEDs installed thus far in over 100 buildings. Its commercial TLEDs boast an industry-leading quality record (with an accumulated failure rate of well less than 0.1% since its launch in 2010) and carry a comprehensive 10-year warranty.

The global LED lighting market size is expected to reach $106 billion by 2025 with a CAGR of 11.8%, according to Grand View Research. There are estimated over 2 billion linear fluorescent lamp sockets in the U.S. alone and over 10 billion worldwide with LED penetration rate of just over 10%. With a high-quality product line focused on the enterprise markets, Energy Focus aims to provide best-in-class LED lighting products that bring the most environmental, financial, and human benefits to mission critical facilities and smart buildings. It has over 100,000 sq. ft. of production and warehouse facility in Cleveland, OH and manufactures Buy American Act (BAA) compliant products for government and military customers.

Select Financials

- **Nasdaq Ticker:** EFOI
- **Closing Price (01/22/20):** $0.625
- **52-Week Range:**
  - High: $1.45
  - Low: $0.38
- **Shares O/S (09/30/19)**: 15.81M
- **Insider Ownership (Fully Diluted 09/30/19)**: 20.64%
- **FD Market Cap (01/22/20):** $9.88M
- **Enterprise Value (01/22/20)**: $11.43M
- **QTD Revenue (Q3 2019):** $2.9M
- **Total Cash (09/30/19)**: $2.61M

*Adjusted for 01/09/20 stock sale. Does not include lease/finance liabilities.

2019 Corporate Highlights
- In April, 13D investors led by James Tu invested $1.7 million in convertible debenture and took over management as Chairman & CEO, and initiated restructuring plan, reducing overhead by 30%+ and repositioned for growth
- Received $3 million contract extension from the Cleveland Clinic for LED lighting retrofit projects
- Tod A. Nestor joined the Company as President and Chief Financial Officer in July as the company continued its relaunch and transformation plans
- Sales force reorganized and strengthened, now with four business development operations: Military and Maritime, Commercial Strategic Accounts, Channel Partnerships, and SME (small-to-medium enterprise)
- Received an exclusive long-term contract valued at $2.5 million to supply explosion-proof LED globe lights to the U.S. Naval fleet
- Successfully developed and filed preliminary patents on dimming and color tuning lighting control technologies, scheduled for commercial launch in Q1 2020

Income Statement Highlights

<table>
<thead>
<tr>
<th>US$ x000</th>
<th>Q3 2019</th>
<th>Q2 2019</th>
<th>Q1 2019</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,915</td>
<td>3,082</td>
<td>3,177</td>
<td>18,107</td>
<td>19,846</td>
<td>30,998</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>35%</td>
<td>-4%</td>
<td>3%</td>
<td>19%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Net Inc/(Loss) Cont. Op’s</td>
<td>($946)</td>
<td>($2,254)</td>
<td>($2,865)</td>
<td>($9,111)</td>
<td>($11,267)</td>
<td>($16,830)</td>
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</tbody>
</table>

Balance Sheet Highlights

<table>
<thead>
<tr>
<th>US$ x000</th>
<th>09/30/19</th>
<th>06/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cash</td>
<td>$634</td>
<td>$2,207</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$10,457</td>
<td>$12,212</td>
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<tr>
<td>Total Current Liabilities</td>
<td>$6,242</td>
<td>$7,142</td>
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<tr>
<td>Total ST Debt</td>
<td>$3,023</td>
<td>$3,352</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>$5,240</td>
<td>$6,152</td>
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<tr>
<td>Current Ratio</td>
<td>1.68</td>
<td>1.71</td>
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<tr>
<td>Working Capital</td>
<td>$4,215</td>
<td>$5,070</td>
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Investor Relations Contact:
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  - www.dgicomm.com
- **Energy Focus, Inc.**
  - Tod A. Nestor, President and Chief Financial Officer
  - 440-715-1300
  - www.energyfocus.com
Market Dynamics

- Appealing payback for our TLEDs is now < 3 years in most parts of the U.S., Asia, and Europe
- Continuing efficiency gains and IoT based intelligences will accelerate adoption rate and significantly expand LED lighting total addressable market sizes
- Large brands from traditional lighting retreated among the ongoing commoditization of LED lighting, leaving an unprecedented vacuum of quality and standard leadership EFOI aims to fill
- Expanding government and business carbon reduction initiatives led by state and city driven “Green New Deals” and aggressive corporate sustainability goals, urging institutions to turn to LEDs to reduce energy use drastically and immediately

INVESTMENT HIGHLIGHTS

- New, experienced, proven, and vested executive team leading corporate relaunch that repositioned and reorganized the company growth from 2H 2019
- Uniquely positioned as a leading, quality LED lighting supplier for the enterprise retrofit markets for mission critical facilities across government, military, healthcare, education, and select commercial and industrial verticals, as traditional lighting brands retreated in a rapidly commoditizing market
- Industry technology and innovation leader, with high performance, high quality, flicker-free LED lighting products
- Direct sales force expanding across the country to education and build loyal customer base, and to rapidly realize commercial potential of additional building technology innovations
- REDCAP, now patent protected, represents multi-billion-dollar addressable market in the U.S. alone
- Marquee customers provide solid base to build on and provide references for targeted verticals
- Significant enterprise LED lighting market opportunity with accelerating adoption ensuing in the coming years as the LED adoption just surpassed 10-15%
- Expanding product portfolio, including breakthrough, patent-protected connected lighting and autonomous building controls in Q1 2020 and beyond that will significantly increase the size of our addressable markets