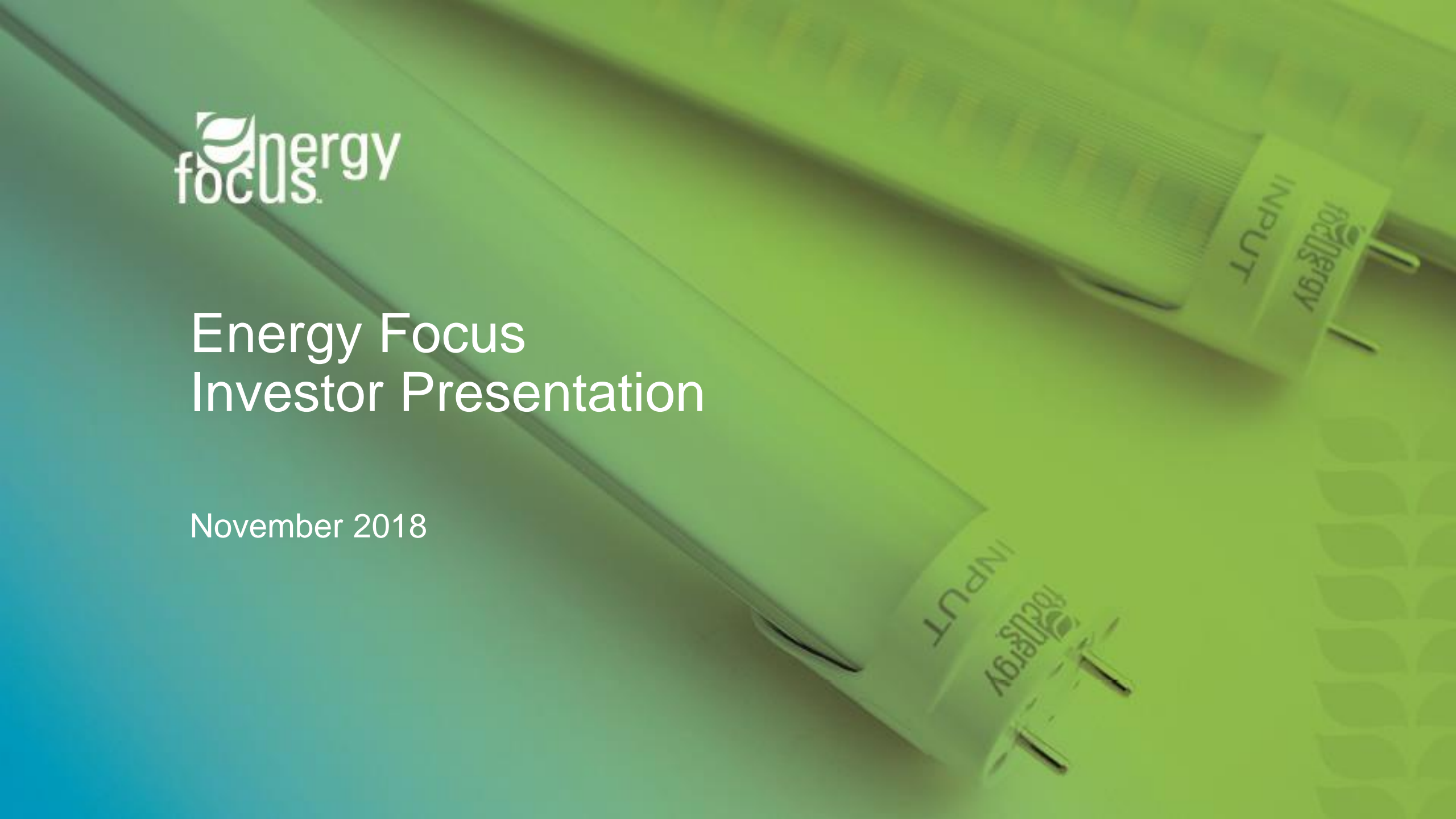




Energy Focus Investor Presentation

November 2018



Energy Focus – The Big Picture



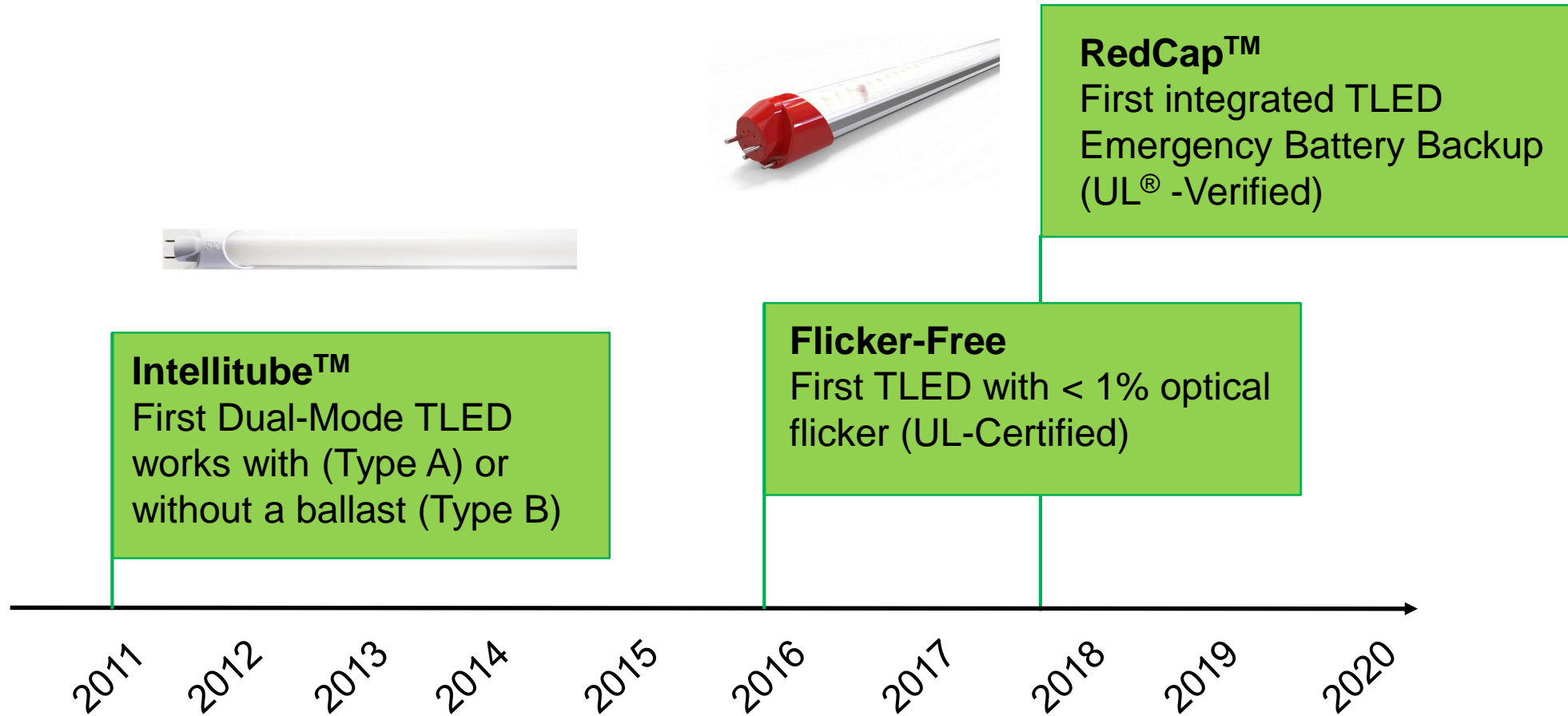
Investment Thesis

Pure play LED lighting company undergoing turnaround with new leadership creates unique value creation opportunity.

Mission

Enable our customers to run their facilities with greater energy efficiency, productivity and wellness through LED lighting and retrofit technology innovation.

Distinguished History of Technology Innovation



Corporate History



1985 FiberStars founded in Silicon Valley – fiber optic lighting for pools, spas and hot tubs

2001 FiberStars acquires LED lighting company, rebrands to Energy Focus and relocates headquarters to Ohio

2004-2011 Energy Focus awarded over \$27M in research contracts and grants to develop energy efficient solid state lighting products, including grants from the Defense Advanced Research Projects Agency (“DARPA”) for Explosion Proof LED Fixtures, LED T12 Replacements, LED Berth Lights and LED Outdoor Wall Packs

2012-2015 Energy Focus is awarded supply contract from the U.S. Navy as sole supplier of TLEDs to US Navy, supplying over 500,000 M1’s to the Navy fleet
Navy business ramps up to \$64M in revenue

2016 Navy business declines due to 50% saturation of available market, excess inventory and entry of new low-cost competitors

2017 Energy Focus announces turnaround and restructuring efforts, appointing Dr. Ted Tewksbury Chairman, CEO and President in February 2017

New Leadership Team



Proven Technology Industry Visionaries, Turnaround Experts, Creators of Shareholder Value

Dr. Ted Tewksbury

Chairman, President & CEO
(since February 2017)



- Public technology company turnaround specialist
- CEO of Entropic and IDT, President of AMI Semiconductor
- Engineering leadership positions at IBM, Maxim, Analog Devices
- B.S. Architecture, MIT
- MSEE, Ph.D. Electrical Engineering, MIT
- Board Director at MaxLinear and Jariet Technologies

Jerry Turin

Chief Financial Officer
(since May 2018)



- 20+ years of leadership in corporate finance, business development, turnarounds, M&A, capital raising
- CFO, Intematix and Oclaro
- Director of Finance, Silicon Spice
- Corporate Controller, Cirrus Logic
- 11 years Deloitte & Touche
- Bachelor of Commerce, University of Alberta

Larry Fallon

Sr. VP, Sales & Marketing
(since May 2017)



- VP Sales, CIMCON Lighting
- VP Sales, Sensity Systems
- Manager, Acuity Brands, Osram-Sylvania, ETi
- Solid State Lighting, Lighting Science Group
- B.A. Bus Admin, Wittenberg U.

Laszlo Takacs

Chief Technology Officer
(since December 2017)



- Sr. Principal Engineer, Soraa
- Sr. Principal Engineer, Rambus
- VP, R&D, Energy Focus
 - Architect of Intellitube
- CEO, Activation Research
- CTO, GENVAC Aerospace
- BSEE, MSEE, The Ohio State University

Bill Wright

VP, Operations
(since October 2017)



- Director of Operations, NetShape Technologies
- Plant Manager, Kennametal
- Plant Manager, Swagelok Company
- Staff Consultant, Andersen Consulting
- BS, Mech Engineering, University of Cincinnati

Turnaround Progress



Sharpened focus on being the retrofit technology leader in LED lighting and smart building automation.



2017 Cost Reductions

- \$8.4M in year over year operating expense reduction (\$9.4M, excluding restructuring expenses and impairment losses)
- FTE headcount reduction of 51%
- Closed offices in New York, Minnesota and Virginia
- Exited lighting audit and installation services and Lighting as a Service (LaaS) activities



Sales Strategy

- Implemented Agency Sales Model
- Recruited and trained experienced Sr. VP of Sales, 30+ Sales Agents and 6 Regional Sales Managers
- Now have 100% coverage of USA
- Increased quoting activity and pipeline opportunities



Product Development

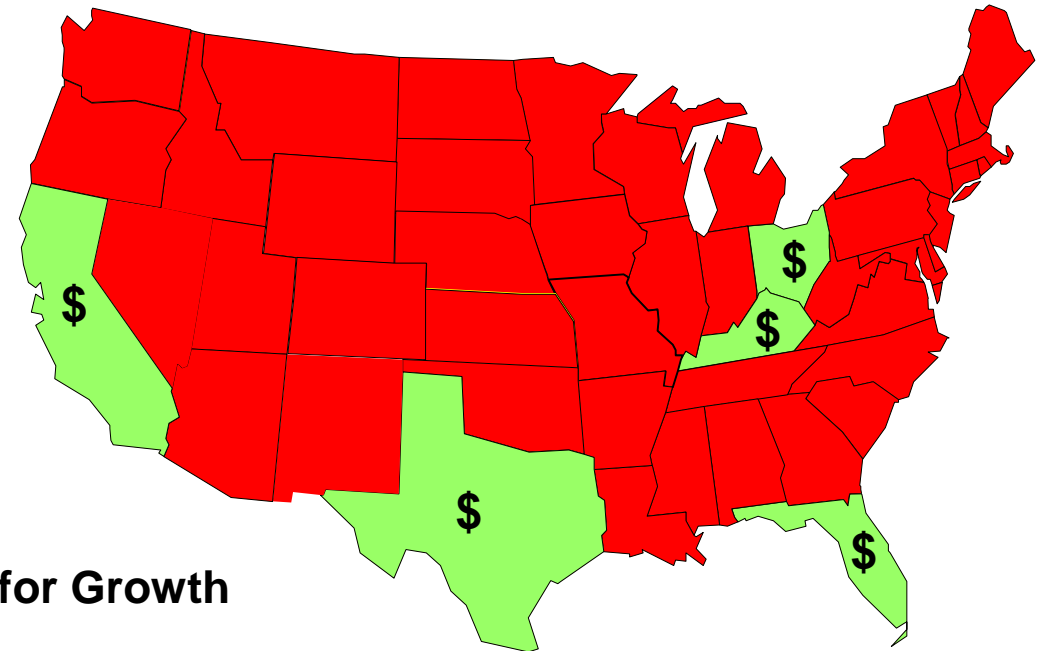
- RedCap™ market release in Q4 2017
- Double Ended Ballast Bypass T8 and T5 High Output introduced Q2 2018
- Goal of at least 2 new products in 2018 and 1 per quarter in 2019

Sales Strategy to Drive Commercial Growth



Prior to Restructuring Limited Market Coverage

- Approximately 40% of our Commercial Revenue was Derived From Ohio
- Approximately 77% of our Commercial Revenue Was Derived From 5 States



Post Restructuring Sales Agency Model Catalyst for Growth

- Proven sales model in lighting industry
- Provides market coverage of entire U.S. through six regional sales territories
- Extensive customer and ecosystem partner relationships (Energy Service Companies, Lighting Retrofit Contractors, Distributors)
- Access to energy audit, installation and financing services on behalf of customers
- Provides complete portfolio of lighting solutions to customers
- Cash positive, agents are paid on commission basis after Energy Focus has received payment from customer

Financial Summary



Key Statistics (as of 11/2/18)

Stock Price	EFOI: \$1.30
Market Cap	\$15.7 M
Total Enterprise Value	\$8.6 M
Exchange	NASDAQ

Capitalization (as of 09/29/18)

Shares Outstanding	12.1 M
Total Debt	Nil
Cash	\$7.1 M
Insider Ownership	7%

\$ in Millions (except per share amounts)	Q3 2018	Q2 2018	Q1 2018	FY 2017	Q4 2017	Q3 2017	FY 2016
Net Sales	\$5.2	\$5.2	\$4.7	\$19.8	\$4.7	\$5.0	\$31.0
Gross Margin	24.8%	25.1%	17.5%	24.3%	34.3%*	22.7%	24.8%
Operating Expenses	\$3.2	\$3.1	\$3.2	\$16.1	\$3.5	\$2.9	\$24.5
Net Loss	(\$1.9)	(\$1.8)	(\$2.4)	(\$11.3)	(\$1.9)	(\$1.8)	\$16.9
Net Loss Per Share	(\$0.16)	(\$0.15)	(\$0.20)	(\$0.95)	(\$0.16)	(\$0.15)	(\$1.45)

* Q4 2017 Gross Margin was favorably impacted by a net \$0.8 million adjustment to the excess inventory reserve due to the Company's efforts to liquidate inventory previously identified as excess. Without the adjustment Gross Margin would have been ~\$17%.

Market Penetration Successes



Education

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



- K-12: Retrofitted over 100 schools through direct sales and Energy Service Company (ESCO) partners
- Higher education: Retrofits include University of Minnesota, University of Central Florida and Wayne State University

Healthcare

Environmental sustainability, quality of lighting and flicker free environment is important to the Cleveland Clinic Hospital System



- Multimillion dollar contract signed in 2002 to retrofit 56 buildings
- Success with TLEDs led to award of downlights and exterior lighting
- Strong reference has led to wins with other leading healthcare facilities, including retrofits in over 75 other healthcare facilities, VA hospitals.

U.S. Navy

Significant opportunity for energy savings and improved quality of lighting is important to the U.S. Navy



- Sole provider of TLED retrofit solutions to the U.S. Navy from 2012 to 2016
- Energy Focus TLED's are in all 185 ships of the U.S. Navy fleet, 50% penetration rate
- Shipped over 500k M1 TLEDs to US Navy (\$62M) with negligible defects

Commercial & Industrial Lighting Market



The U.S. Consumer & Industrial (C&I) market represents a Total Addressable Market (TAM) in excess of \$16B in 2017 growing to \$17.1B in 2023⁽¹⁾

Benefits of LED Retrofits vs. Traditional Lighting Replacements

Economic

- Commercial electricity costs are expected to continue rising at 2.7% annually 2015-2020⁽¹⁾
- Lighting represents single largest power draw (~23%) in commercial buildings
- Adoption and market penetration of LED's can drive a 75% reduction in energy consumption in 2035⁽¹⁾
- LED payback now <3 years in most parts of the U.S.

Quality of Light

- Best spectral match to the sun
- No Ultraviolet (UV)
- Superior Color Rendering Index (CRI > 80)
- Superior spectrum for vision and health
- Lower instances of cataracts, macular degeneration, circadian rhythm sleep disorders and scotopic sensitivity syndrome^{2,3}

1) Source: DOE "Energy Savings Forecast for Solid-State Lighting General Illumination Applications", September 2016.

2) Based on in vitro tests on swine (pig) cells. RPE = Retinal Pigment Epithelium. Source: IDV/Essilor R&D 20

3) nei.nih.gov/eyedata

Energy Focus Commercial & Industrial Products



- Linear Retrofits:

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



- RedCap™ Emergency Battery Backup



- Luminaires:

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



- Fixtures:

- High and Low Bay
- Vapor Tight
- Troffer



Why Energy Focus Commercial TLEDs are Better



	Competitor						
	Energy Focus	A	B	C	D	E	F
Flicker-free (UL Verified <1%)	Yes	Yes	No	No	No	No	No
No Sag, Heat Sinking Aluminum Spine	Yes	Yes	No	No	No	No	Yes
Standard 10-Year Warranty	Yes	No	Yes	No	No	No	No
Buy American Option	Yes	Yes	Yes	No	No	No	No
Fully Integrated Battery Backup	Yes	No	No	No	No	No	No

Our commercial TLED products are “military tough”, developed from the legacy of our Military Intellitube® products which are subjected to the most extreme U.S. Navy testing and applications combined with;

Industry’s first Flicker-Free TLEDs promote health and wellness

combined with;

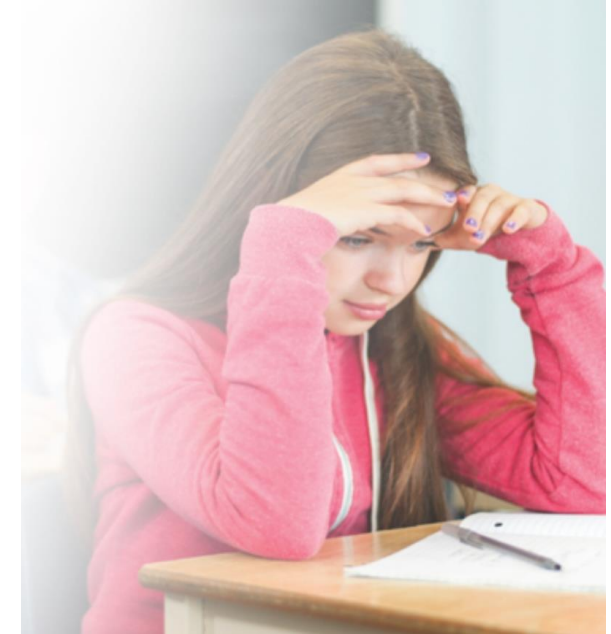
Industry’s first fully integrated battery backup TLED

equals

The best combination of performance, quality and total lifetime cost of ownership for the most demanding commercial and industrial applications

Flicker-Free Light for Health and Wellness

- Optical Flicker: Rapid modulation of light caused by AC power variations
- Flicker can cause
 1. Deleterious effects on visual processing and human health
 - Headaches, eyestrain, fatigue, mood triggers
 - Interference with learning and concentration
 - Individuals on autism spectrum or with epilepsy may have heightened sensitivity
 2. Distortion of moving objects (machine parts, power tools, etc.)
 3. Interference with electronic equipment (e.g. bar code scanners)
- IEEE* recommends $\leq 5\%$ flicker



Energy Focus first to market with Flicker-Free TLEDs (UL-Certified < 1% optical flicker)

* Institute of Electrical and Electronics Engineers

New Products: The Engine of Growth

RedCap™ Emergency Backup TLED

- ❑ The industry's first fully-integrated, UL® verified, TLED emergency battery back-up provides 90 minutes of illumination time in the event of a power failure
- ❑ Makes emergency backup lighting “as easy as changing a lightbulb”



T8 & T5 High Output (HO) Double-Ended Ballast Bypass (DEBB) TLED

- ❑ Industry's first Flicker-Free, Longest Lifetime DEBB Technology (10-year warranty)
- ❑ Plugs into existing tombstones; no replacement necessary
- ❑ Reduces average installation time from 40 to 20 minutes per fixture
- ❑ Optimized T5 HO for high-bay applications
- ❑ Highest fixture lumen output T5 HO TLED



Smart Lighting: The Next Big Growth Vector

Transforming Ordinary Environments into Smart Environments through Retrofit

LED Lighting

- Flicker-Free
- 10-Year Warranty
- Military-Tough



Emergency Battery Backup

- RedCap™



Smart Lighting

Energy Efficiency

- Occupancy Sensing
- Harvesting

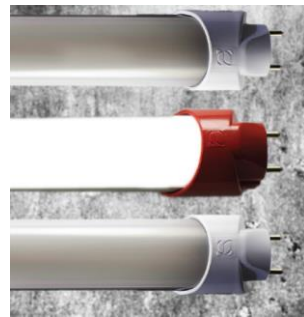
Human Centric Lighting

- Task Tuning
- Color Temperature Tuning
- Circadian Rhythm & Spectrum Optimization



Internet-of-Things (IoT)

- Building Automation
- Asset Tracking
- Smoke / Fire Detection
- Air Quality
- Security / Surveillance
- WiFi / LiFi



Why invest in Energy Focus?

- Clean-tech Company focus with significant upside potential
- Significant Commercial and Industrial lighting market opportunity
- Turnaround by experienced executive team represents unique value creation opportunity
- Industry technology leader, with high performance, military-tough products and stellar reputation with marquis customers provide solid platform for growth
- Portfolio extension into higher value product categories to capture additional market opportunities resulting in revenue and gross margin expansion

Thank you!

Investor contacts:

Energy Focus, Inc.

Jim Fanucchi, Investor Relations

408-404-5400

jim@darrowir.com

Energy Focus, Inc.

Jerry Turin, Chief Financial Officer

440-715-1300

jturin@energyfocus.com