



Luna Announces Sale of Luna Labs

Luna to focus on fiber optic-based technologies

(ROANOKE, VA, March 14, 2022) – Luna Innovations Incorporated (NASDAQ: LUNA), a global leader in advanced fiber optic-based technology, today announced it has divested its Luna Labs division in a transaction valued at approximately \$21 million. The investment was led by the executive management team at Luna Labs with support from two private equity firms, Mereo Capital Partners and Point Lookout Capital Partners. Under the terms of the sale, Luna will retain a less than five percent minority equity ownership interest in this new company.

“The sale of Luna Labs marks a final step in the simplification of our portfolio; something we announced several years ago when we set our strategy to focus our capital and resources on the fiber optics markets,” said Scott Graeff, President and Chief Executive Officer of Luna. “While not core to the fiber optic-based technologies of Luna, we are nonetheless incredibly proud of the critical work the Luna Labs team has accomplished over the years and look forward to their continued success under the leadership of the new company.”

Graeff continued, “With this divestiture, Luna is now a pure-play fiber optic-based technology company, and we look forward to leveraging our industry-leading, proprietary fiber optics platform to better serve our customers and to generate long-term growth for our investors and employees.”

“It is a privilege for me to be able to continue to lead the Luna Labs business as we transition to being a separate, private company,” said James Garrett, CEO of the newly formed entity. “With over 75 years of experience between myself and my executive leadership team, we will continue to aggressively grow our contract research capabilities as a private company and accelerate our product commercialization.”

Leo Helmers, Managing Partner at Mereo Capital Partners, said, “We are excited to partner with such an experienced management team on this investment and look forward to working with them to create value.”

Luna was advised by Cooley LLP and Woods Rogers PLC with transaction financing provided by M&T Bank. Any disclosed transaction details may be found in Luna’s Form 8-K filing with the U.S. Securities and Exchange Administration and found on the Luna website under <https://ir.lunainc.com/sec-filings>.

Earnings Conference Call Information

Luna will discuss this announcement on its fourth-quarter and year-end 2021 earnings call, taking place today at 8:30 a.m. (ET). The investor conference call will be available via live webcast on the Luna website at www.lunainc.com under the tab “Investor Relations.” To participate by telephone, the domestic dial-in number is 844.578.9643 and the international dial-in number is 270.823.1522. The participant access code is 2096088.

Investors are advised to dial in at least five minutes prior to the call to register. The webcast will be archived on the company's website under "Webcasts and Presentations" for 30 days following the conference call.

About Luna

Luna Innovations Incorporated (www.lunainc.com) is a leader in optical technology, providing unique capabilities in high-performance, fiber optic-based, test products for the telecommunications industry and distributed fiber optic-based sensing for a multitude of industries. Luna's business model is designed to accelerate the process of bringing new and innovative technologies to market.

Forward Looking Statements

The statements in this release that are not historical facts constitute "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 Luna's expectations regarding technological capabilities, management focus and growth potential. 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 Luna 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, changes in market needs, possible technological challenges and geopolitical and larger economic factors and other risks and uncertainties set forth in Luna'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 Luna's website at www.lunainc.com. The statements made in this release are based on information available to Luna as of the date of this release and Luna undertakes no obligation to update any of the forward-looking statements after the date of this release.

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