

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 17, 2021

Luna Innovations Incorporated

(Exact name of registrant as specified in its charter)

**301 1st Street SW, Suite 200
Roanoke, VA 24011**
(Address of principal executive offices, including zip code)

540-769-8400
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value per share	LUNA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth Company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On May 17, 2021, Luna Innovations Incorporated (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2021, as well as information regarding a conference call to discuss these financial results and the Company’s recent corporate highlights and outlook. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Also, on May 17, 2021, the Company is posting an updated slide presentation on its corporate website and will be using the presentation in connection with the conference call discussed above. A copy of the presentation is furnished herewith as Exhibit 99.2 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K and Exhibits 99.1 and 99.2 attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release, dated May 17, 2021, by Luna Innovations Incorporated.
99.2	Company Presentation.



Luna Innovations Reports First-Quarter 2021 Results

Reaffirms 2021 Outlook

Highlights

- Total revenues of \$26.3 million for the three months ended March 31, 2021, up 53% compared to the three months ended March 31, 2020
- Operating loss of \$0.8 million for the three months ended March 31, 2021, versus operating income of \$0.4 million for the three months ended March 31, 2020; primarily due to \$1.4 million of transaction related costs
- Net loss of \$0.3 million for the three months ended March 31, 2021, compared to net loss of \$1.1 million, for the three months ended March 31, 2020
- Adjusted EBITDA increased to \$2.1 million for the three months ended March 31, 2021, compared to \$1.6 million for the three months ended March 31, 2020
- Adjusted EPS of \$0.03 for the three months ended March 31, 2021, compared to \$0.02 for the three months ended March 31, 2020
- Company reaffirms 2021 outlook

(ROANOKE, VA, May 17, 2021) - Luna Innovations Incorporated (NASDAQ: LUNA), a global leader in advanced optical technology, today announced its financial results for the three months ended March 31, 2021.

"Q1 was a busy quarter for Luna as we continue to build for our future growth," said Scott Graeff, President and Chief Executive Officer of Luna. "I am proud of the Luna team's relentless focus on four significant operational and systems implementation projects during the quarter. We implemented organization-wide upgrades to enterprise software, through the implementation of NetSuite and Salesforce.com, all while continuing the integration of the two acquisitions we announced toward the end of last year – OptaSense and New Ridge Technologies. I can characterize this quarter as strong blocking and tackling. And, we did all of this while continuing to grow total revenues, expanding gross margins and growing adjusted EBITDA."

Graeff continued, "We are at another inflection point of growth, just as we were several years ago. Based on our first-quarter performance and the continued momentum we've seen in the first part of Q2, we are comfortable

reaffirming our full-year 2021 financial outlook. As always, we will continue to focus on supporting customers with excellence, delivering strong results for our shareholders, and providing a safe and supportive environment for our employees.”

First-Quarter Fiscal 2021 Financial Summary

Highlights of the financial results for the three months ended March 31, 2021 are:

(in thousands, except share and per share data)

	Three Months Ended March 31,		Change
	2021	2020	
Revenues:			
Lightwave	\$ 20,997	\$ 11,554	82 %
Luna Labs	5,302	5,587	(5) %
Total revenues	26,299	17,141	53 %
Gross profit	13,429	8,364	61 %
Gross margin	51 %	49 %	
Operating expense	14,223	7,974	78 %
Operating (loss)/income	(794)	390	(304) %
Operating margin	(3)%	2 %	
Other (expense) income and income tax benefit (expense)	476	(70)	780 %
Net loss	\$ (318)	\$ (1,116)	72 %
Earnings per diluted share (EPS)	\$ (0.01)	\$ (0.03)	(67) %
Adjusted EPS	\$ 0.03	\$ 0.02	50 %
Diluted weighted average shares outstanding	33,353,456	32,549,487	
Adjusted EBITDA	\$ 2,148	\$ 1,580	36 %

A reconciliation of Adjusted EPS and Adjusted EBITDA to the nearest comparable GAAP figures can be found in the schedules included in this release.

Lightwave revenues for the three months ended March 31, 2021 increased compared to the prior-year period, due primarily to increased revenues from Luna's sensing and communication test businesses. Luna Labs revenue decreased for the three months ended March 31, 2021, compared to the prior-year period, primarily due to delays caused by COVID-related issues.

Gross margin increased to 51% for the three months ended March 31, 2021, compared to 49% for the three months ended March 31, 2020, driven by increased sales in Luna's Lightwave division. Operating income and margin declined to \$(0.8) million and (3)% of total revenues, respectively, for the three months ended March 31, 2021, compared to \$0.4 million and 2% of total revenues, respectively, for the three months ended March 31, 2020. The decrease in operating income was primarily due to \$0.9 million integration and transaction costs, as well as \$0.5 million of amortization of intangible assets and inventory step-up related to Luna's recently completed acquisitions and its continuing portfolio activities.

Net loss was \$0.3 million, or \$0.01 per fully diluted share, for the three months ended March 31, 2021, compared to a net loss of \$1.1 million, or \$0.03 per fully diluted share, for the three months ended March 31, 2020. Adjusted EPS was \$0.03 for the three months ended March 31, 2021, compared to \$0.02 for the three months ended March 31, 2020.

Adjusted EBITDA was \$2.1 million for the three months ended March 31, 2021, compared to \$1.6 million for the three months ended March 31, 2020. The increase was driven by revenue growth and increased gross profit.

2021 Full-Year Outlook

Luna is reaffirming its full-year guidance:

- Total revenues of \$122 million to \$127 million
- Adjusted EBITDA of \$16 million to \$19 million

Adjusted EBITDA is a non-GAAP measure. Luna is not providing an outlook for net income, which is the most directly comparable generally accepted accounting principles ("GAAP") measure to Adjusted EBITDA, because changes in the items that Luna excludes from net income to calculate Adjusted EBITDA, such as share-based compensation, tax expense, and significant non-recurring charges, among other things, can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of Luna's routine operating activities.

The outlook above does not include any future acquisitions, divestitures, or unanticipated events.

Non-GAAP Financial Measures

In evaluating the operating performance of its business, Luna's management considers Adjusted EBITDA, which excludes certain charges and credits that are required by GAAP. Adjusted EBITDA and Adjusted EPS provide useful information to both management and investors by excluding the effect of certain non-cash expenses and items that Luna believes may not be indicative of its operating performance, because either they are unusual and Luna does not expect them to recur in the ordinary course of its business, or they are unrelated to the ongoing operation of the business in the ordinary course. Adjusted EBITDA and Adjusted EPS should be considered in

addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. Adjusted EBITDA and Adjusted EPS have been reconciled to the nearest GAAP measure in the table following the financial statements attached to this press release.

Conference Call Information

As previously announced, Luna will conduct an investor conference call at 5:00 pm (ET) today to discuss its financial results for the three months ended March 31, 2021. 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 4494192. 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 the aerospace and automotive industries. Luna is organized into two business segments, which work closely together to turn ideas into products: a Lightwave segment and a Luna Labs segment. 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 its projected 2021 financial results and outlook and the Company's 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, failure of demand for Luna's products and services to meet expectations, failure of target market 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 Luna's Form 10-Q for the three months ended March 31, 2021, and Luna's other periodic reports and 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.

Investor Contact:

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Email: IR@lunainc.com

Luna Innovations Incorporated
Consolidated Balance Sheets
(in thousands, except share data)

Assets	March 31, 2021 (unaudited)	December 31, 2020
Current assets:		
Cash and cash equivalents	\$ 11,794	\$ 15,366
Accounts receivable, net	23,697	24,951
Contract assets	8,328	7,046
Inventory	25,550	23,597
Prepaid expenses and other current assets	5,388	4,509
Total current assets	74,757	75,469
Property and equipment, net	3,329	3,308
Intangible assets, net	19,642	20,109
Goodwill	18,309	18,121
Long-term contract assets	—	471
Operating lease ROU asset	10,820	11,281
Finance lease ROU asset	232	244
Other assets	118	39
Deferred tax asset	1,699	1,960
Total assets	\$ 128,906	\$ 131,002
Liabilities and stockholders' equity		
Liabilities:		
Current liabilities:		
Current portion of long-term debt obligations	\$ 4,167	\$ 4,167
Accounts payable	4,108	4,393
Accrued liabilities	10,732	12,159
Contract liabilities	6,228	7,095
Current portion of operating lease ROU liability	2,195	2,223
Current portion of finance lease ROU liability	48	48
Total current liabilities	27,478	30,085
Long-term debt obligations	14,781	15,817
Long-term portion of operating lease ROU liability	9,702	10,248
Long-term portion of finance lease ROU liability	184	196
Other long-term liabilities	214	214
Total liabilities	52,359	56,560
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.001, 100,000,000 shares authorized, 33,113,774 and 32,724,512 shares issued, 31,392,989 and 31,024,537 shares outstanding at March 31, 2021 and December 31, 2020, respectively	33	33
Treasury stock at cost, 1,720,785 and 1,699,975 shares at March 31, 2021 and December 31, 2020, respectively	(4,991)	(4,789)
Additional paid-in capital	93,905	92,403
Accumulated deficit	(13,275)	(12,957)
Accumulated other comprehensive income/(loss)	875	(248)
Total stockholders' equity	76,547	74,442
Total liabilities and stockholders' equity	\$ 128,906	\$ 131,002

Luna Innovations Incorporated
Consolidated Statements of Operations (Unaudited)
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Lightwave	\$ 20,997	\$ 11,554
Luna Labs	5,302	5,587
Total revenues	<u>26,299</u>	<u>17,141</u>
Cost of revenues:		
Lightwave	8,771	4,885
Luna Labs	4,099	3,892
Total cost of revenues	<u>12,870</u>	<u>8,777</u>
Gross profit	<u>13,429</u>	<u>8,364</u>
Operating expense:		
Selling, general and administrative	11,290	6,377
Research, development and engineering	2,933	1,597
Total operating expense	<u>14,223</u>	<u>7,974</u>
Operating (loss)/income	<u>(794)</u>	<u>390</u>
Other income/(expense):		
Investment income	—	59
Other income	—	9
Interest expense	(143)	—
Total other (expense)/income	<u>(143)</u>	<u>68</u>
(Loss)/income from continuing operations before income taxes	<u>(937)</u>	<u>458</u>
Income tax (benefit)/expense	<u>(619)</u>	<u>138</u>
Net (loss)/income from continuing operations	<u>(318)</u>	<u>320</u>
Loss from discontinued operations, net of income tax of \$464	—	(1,436)
Net loss	<u>(318)</u>	<u>(1,116)</u>
Preferred stock dividend	—	—
Net loss attributable to common stockholders	<u>\$ (318)</u>	<u>\$ (1,116)</u>
Net (loss)/income per share from continuing operations:		
Basic	<u>\$ (0.01)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.01</u>
Net loss per share from discontinued operations:		
Basic	<u>\$ —</u>	<u>\$ (0.05)</u>
Diluted	<u>\$ —</u>	<u>\$ (0.04)</u>
Net loss per share attributable to common stockholders:		
Basic	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
Weighted average shares:		
Basic	<u>31,350,629</u>	<u>30,380,345</u>
Diluted	<u>33,353,456</u>	<u>32,549,487</u>

Luna Innovations Incorporated
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2021	2020
Cash flows used in operating activities		
Net loss	\$ (318)	\$ (1,116)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,231	679
Share-based compensation	657	226
Bad debt expense	—	14
Loss from discontinued operations, net of tax	—	1,436
Deferred taxes	262	(127)
Change in assets and liabilities		
Accounts receivable	1,439	737
Contract assets	(729)	111
Inventory	(1,617)	(897)
Other current assets	(847)	(287)
Other long term assets	(80)	—
Accounts payable and accrued expenses	(1,939)	(760)
Contract liabilities	(992)	(318)
Net cash used in operating activities	(2,933)	(302)
Cash flows (used in)/provided by investing activities		
Acquisition of property and equipment	(361)	(74)
Intangible property costs	(48)	(91)
Proceeds from sale of discontinued operations	—	600
Net cash (used in)/provided by investing activities	(409)	435
Cash flows (used in)/provided by financing activities		
Payments on finance lease obligations	(12)	(13)
Payments of debt obligations	(1,036)	—
Repurchase of common stock	(202)	—
Proceeds from the exercise of options and warrants	845	1,198
Net cash (used in)/provided by financing activities	(405)	1,185
Effect of exchange rate changes on cash and cash equivalents	(3,747)	1,318
Effect of exchange rate changes on cash and cash equivalents	175	—
Cash and cash equivalents-beginning of period	15,366	25,006
Cash and cash equivalents-end of period	\$ 11,794	\$ 26,324

Luna Innovations Incorporated
Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(in thousands)

	Three Months Ended March 31,	
	2021	2020
Net loss	\$ (318)	\$ (1,116)
Loss from discontinued operations, net of income taxes	—	(1,436)
Net income from continuing operations	(318)	320
Interest expense	143	—
Investment income	—	(59)
Income tax (benefit)/expense	(619)	138
Depreciation and amortization	1,231	679
EBITDA	437	1,078
Share-based compensation	657	502
Integration and transaction expense	886	—
Amortization of inventory step-up	168	—
Adjusted EBITDA	<u>\$ 2,148</u>	<u>\$ 1,580</u>

Luna Innovations Incorporated
Reconciliation of Net Income to Adjusted EPS
(in thousands)

	Three months ended	
	March 31,	
	2021	2020
Net loss	\$ (318)	(1,116)
Loss from discontinued operations, net of income taxes	—	(1,436)
Net (loss)/income from continuing operations	(318)	320
Share-based compensation	657	502
Integration and deal expense	886	—
Amortization of inventory step-up	168	—
Income tax effect on adjustments	(428)	(126)
Adjusted income from continuing operations	<u>\$ 965</u>	<u>\$ 696</u>
Adjusted EPS	<u>\$ 0.03</u>	<u>\$ 0.02</u>
Adjusted weighted average shares (in thousands):		
Diluted	33,353	32,549

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**First-quarter 2021 Results
Investor Supplemental Materials**

May 17th, 2021

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 2021 guidance, and the market and potential demand for its products, the company’s growth potential, its balance sheet and capitalization and access to capital, its technological advantages and capabilities, its strategic position, and corporate culture. 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, operational 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 17, 2021, 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.

1Q FY21 Results

First-quarter 2021: Key Financial Results

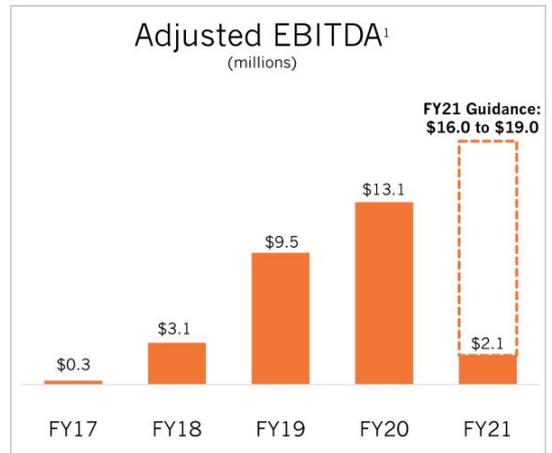
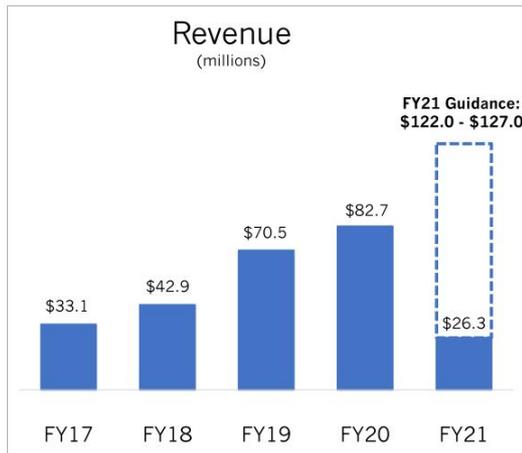
- Total revenues of \$26.3M; up 53% year-over-year
 - Lightwave revenue of \$21.0M, up 82% year-over-year
 - Luna Labs revenue of \$5.3M, down 5% year-over-year
- Gross Margin increased to 51%, compared to 49% for the prior-year period
- Operating loss of \$0.8M, compared to operating income of \$0.4M for the prior-year period
 - Loss largely due to:
 - \$0.9M integration and transaction related costs
 - \$0.5M amortization of intangibles and inventory step-up related to our 2020 acquisitions
- Adjusted EBITDA of \$2.1M, compared to \$1.6M for the prior-year period
- Adjusted EPS of \$0.03, compared to \$0.02 for the prior-year period

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

First-quarter 2021 Highlights

- Total Lightwave revenues up >80%
 - Legacy Lightwave revenues increased double-digit vs. prior-year quarter
- Traction and customer orders remain strong:
 - Large ODiSi (sensing product) order from defense contractor
 - Key strategic wins for Terahertz products in process control markets
 - OBR 6200 sales (comms test)
- OptaSense, a leader in distributed acoustic sensing, operating as stand-alone company in 2021, with key services provided through TSAs for first six months; functional integration begins after first year
 - Employees transitioned / in transition to Luna systems
 - Mapping of OptaSense accounts to Luna complete
 - Financial and IT systems integration ongoing
- Integration of New Ridge Technologies largely completed

Strong Financial Results



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.

A Flexible Balance Sheet

- Strong balance sheet on March 31, 2021:
 - \$129.1M in total assets
 - \$11.8M in cash and cash equivalents
 - \$47.3M in working capital
- Total debt of \$18.9M outstanding
 - \$11.4M in term debt
 - \$7.5M drawn on revolver
 - \$7.5M available
- Allows us to deploy our capital to generate long-term sustainable growth by increasing organic sales, reinvesting in our business and identifying inorganic opportunities

2021 Financial Outlook

- Reaffirming FY 2021 outlook:
 - Total revenues of \$122M to \$127M
 - Adjusted EBITDA¹ of \$16M to \$19M
- Continue to forecast revenue split 44%-46% First 6 Months / 56%-54% Second 6 Months

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.

Luna – Enabling the Future with Fiber

- Positioned as a **global** fiber optic **leader**
- **Proprietary** measurement technology, offering **unprecedented** combination of resolution, accuracy and speed
- Customers in **attractive markets**: Military and Defense, Communications, Infrastructure, Energy, Automotive and Aerospace
- Positioned to **take advantage of trends** such as vehicle lightweighting, smart infrastructure, 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**



Appendix



Reconciliation of Net Income to Adjusted EBITDA

Luna Innovations Incorporated
Reconciliation of Non-GAAP Financial Measures
(in thousands)

	Three Months Ended	
	March 31,	
	2021	2020
	(Unaudited)	
Reconciliation of EBITDA and Adjusted EBITDA		
Net loss	\$ (318)	\$ (1,116)
Loss from discontinued operations, net of income tax benefit of \$464	-	1,436
Net income from continuing operations	(318)	320
Interest expense	143	-
Investment income	-	(59)
Income tax (benefit)/expense	(619)	138
Depreciation and amortization	1,231	679
EBITDA	437	1,078
Share-based compensation	657	502
Integration and transaction expense	886	-
Amortization of Inventory step-up	168	-
Adjusted EBITDA	\$ 2,148	\$ 1,580

Reconciliation of Net Income to Adjusted EPS

Luna Innovations Incorporated
Reconciliation of Non-GAAP Financial Measures
(in thousands)

	Three Months Ended	
	March 31,	
	2021	2020
	(Unaudited)	
Reconciliation of Net Income to Adjusted EPS		
GAAP (loss)/income from continuing operations	\$ (318)	\$ 320
Adjustments:		
Share-based Compensation	657	502
Integration and transaction expense	886	
Amortization of Inventory Step-up	168	-
Total adjustments:	1,711	502
Income tax adjustment - benefit (expense)	(428)	(126)
Adjusted (loss)/income from continuing operations	\$ 965	\$ 697
Adjusted EPS	\$ 0.03	\$ 0.02
Adjusted weighted average shares (in thousands):		
Diluted	33,353	32,549

Historical Quarterly Results

	(in thousands)				
	Three Months Ended				
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020 ^A	March 31, 2021 ^B
Revenues:					
Lightwave	\$ 11,554	\$ 12,933	\$ 15,350	\$ 19,278	\$ 20,997
Luna Labs	5,587	5,642	5,700	6,637	5,302
Total revenues	17,141	18,576	21,050	25,915	26,299
Cost of revenues:					
Lightwave	4,885	5,181	5,670	7,570	8,771
Luna Labs	3,892	3,878	4,431	4,986	4,099
Total cost of revenues	8,777	9,059	10,101	12,556	12,870
Gross Profit	8,364	9,517	10,949	13,359	13,429
Operating expense:					
Selling, general and administrative	6,377	6,202	6,505	8,559	10,404
Research, development and engineering	1,597	1,505	1,616	1,996	2,933
Acquisition related expense	-	-	-	2,204	886
Loss on sale and disposal of property and equipment	-	-	576	69	-
Total operating expense	7,974	7,707	8,697	12,828	14,223
Operating income/(loss)	\$ 390	\$ 1,810	\$ 2,252	\$ 531	\$ (794)

^A Includes \$2,204 of costs associated with the acquisition of OptaSense.

^B Includes \$886 of OptaSense integration and other deal related costs.

