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# SECOND QUARTER FISCAL YEAR 2022 EARNINGS PRESENTATION

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Dec 7, 2021

# SAFE HARBOR STATEMENT

- Certain statements in this presentation may constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "believe," "anticipate," "expect," "estimate," "intend," "project," "plan," or words or phrases with similar meaning. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy or actual results to differ materially from the forward-looking statements.
- Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to the impact of our recent acquisitions of Arcturus UAV, Inc., Telerob GmbH and the Intelligent Systems Group of Progeny Systems Corp. and our ability to successfully integrate them into our operations; the risk that disruptions will occur from the transactions that will harm our business; any disruptions or threatened disruptions to our relationships with our distributors, suppliers, customers and employees, including shortages in components for our products; the ability to timely and sufficiently integrate international operations into our ongoing business and compliance programs; reliance on sales to the U.S. government and related to our development of HAPS UAS; availability of U.S. government funding for defense procurement and R&D programs; changes in the timing and/or amount of government spending; our ability to perform under existing contracts and obtain new contracts; risks related to our international business, including compliance with export control laws; potential need for changes in our long-term strategy in response to future developments; the extensive regulatory requirements governing our contracts with the U.S. Government and international customers; the consequences to our financial position, business and reputation that could result from failing to comply with such regulatory requirements; unexpected technical and marketing difficulties inherent in major research and product development efforts; the impact of potential security and cyber threats; changes in the supply and/or demand and/or prices for our products and services; the activities of competitors and increased competition; failure of the markets in which we operate to grow; uncertainty in the customer adoption rate of commercial use unmanned aircraft systems; failure to remain a market innovator, to create new market opportunities or to expand into new markets; changes in significant operating expenses, including components and raw materials; failure to develop new products or integrate new technology into current products; risk of litigation, including but not limited to pending litigation arising from the sale of our EES business; product liability, infringement and other claims; changes in the regulatory environment; the impact of the outbreak related to the strain of coronavirus known as COVID-19 on our business; our ability to comply with the covenants in our loan documents; our ability to attract and retain skilled employees; and general economic and business conditions in the United States and elsewhere in the world. For a further list and description of such risks and uncertainties, see the reports we file with the Securities and Exchange Commission. We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.
- For a further list and description of such risks and uncertainties, see the reports we file with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are available at [www.sec.gov](http://www.sec.gov) or on our website at [www.investor.avinc.com/financial-information](http://www.investor.avinc.com/financial-information). We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

# 2<sup>ND</sup> QUARTER FISCAL YEAR 2022 KEY MESSAGES

- **Achieved Q2 performance and first half results in line with expectations**
- **Reducing full year outlook due to supply chain delays, extended procurement cycles due to the global COVID-19 pandemic, slower decision making in Washington, and staffing shortages**
- **Strong backlog driven by both organic and acquired businesses**
- **Despite market headwinds, Company remains on track to deliver 5<sup>th</sup> consecutive year of solid top line growth**

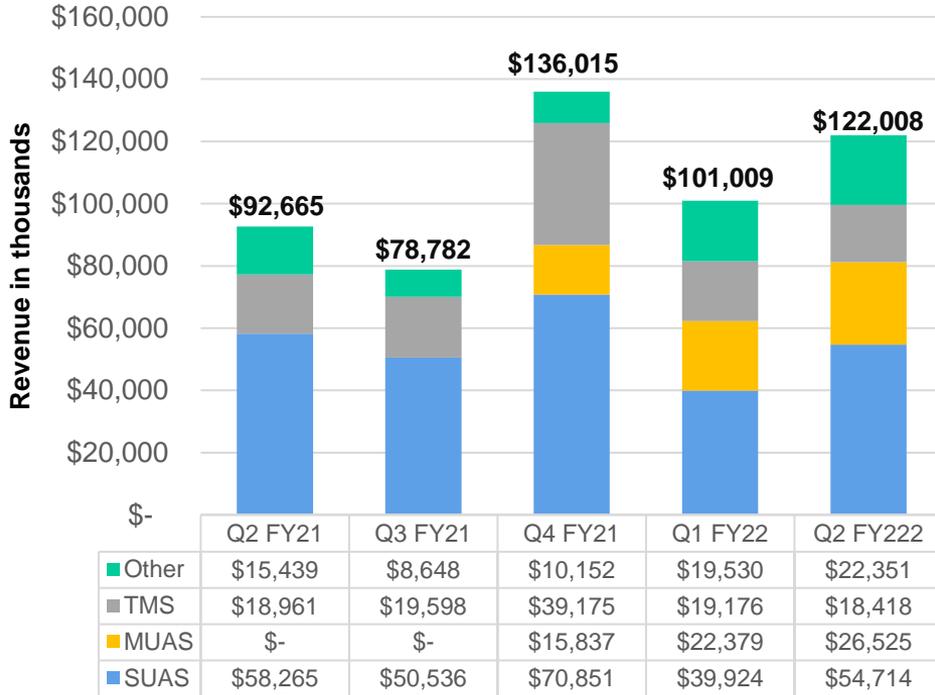
# SECOND QUARTER RESULTS FISCAL YEAR 2022

Metric	Q2 FY22	Year-Over-Year Change	Notes
Revenue	\$122 million	+32%	Consistent with expectations
GAAP Gross profit	\$42.5 million	+4%	Driven by increased sales volumes partially offset by increasing mix of services, intangible amortization expenses and other non-cash purchase accounting impacts
EPS (diluted)	\$0.10	+\$0.01	Affected by increased sales volumes and tax benefits partially offset by lower gross margin mix, increase in SG&A resulting from acquisitions, legal accrual, and transaction related intangible amortization and other expenses
Non-GAAP EPS (diluted) <sup>1</sup>	\$0.78	+\$0.30	Driven by increased sales volumes and tax benefits partially offset by sales mix and increased expenses resulting from acquisitions
Funded Backlog	\$252 million	+93%	Strong customer backlog driven by both organic and acquisition increases

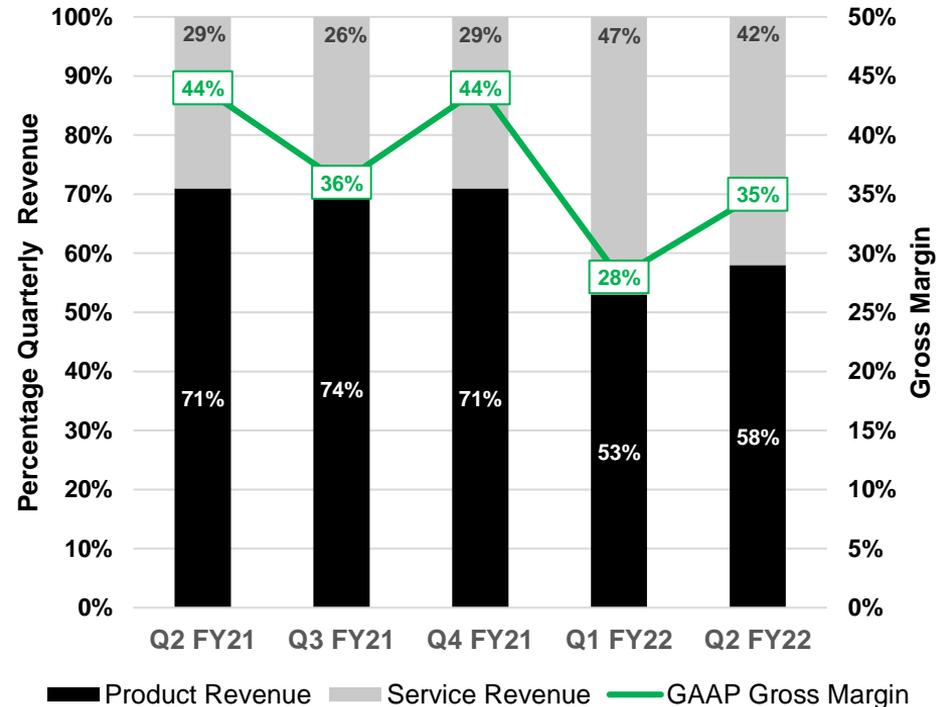
<sup>1</sup> Refer to Reconciliation of Non-GAAP Diluted Earnings Per Share on Appendix A.

# REVENUE MIX BY SEGMENT AND TYPE

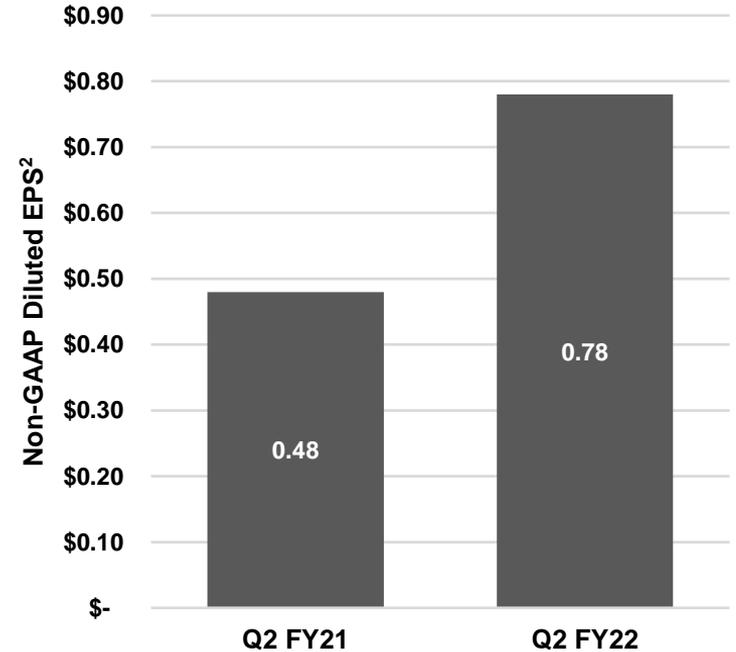
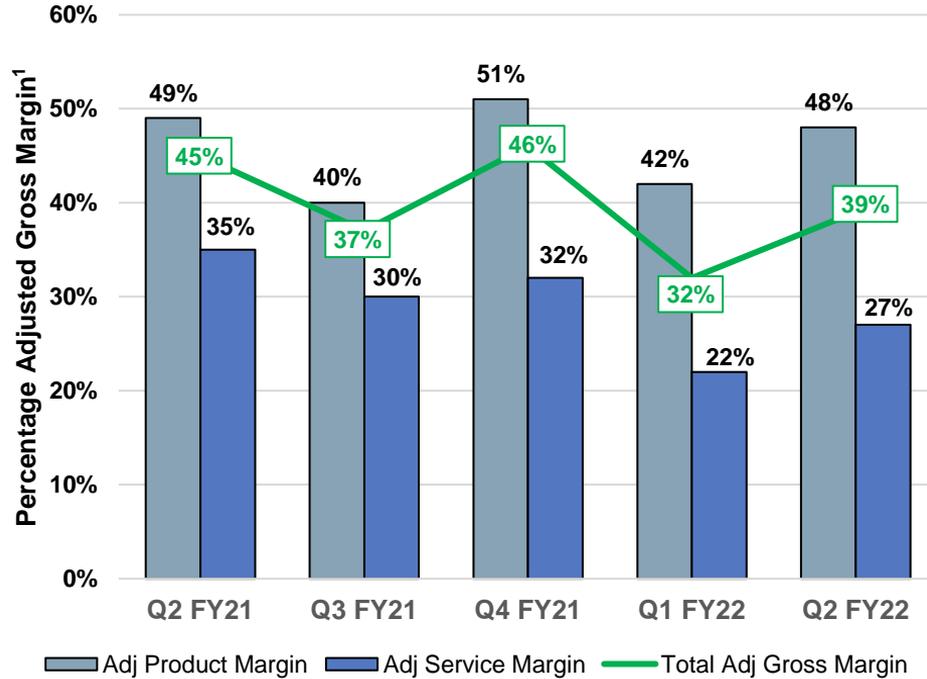
## Quarterly Revenue By Segment



## Quarterly Revenue by Type



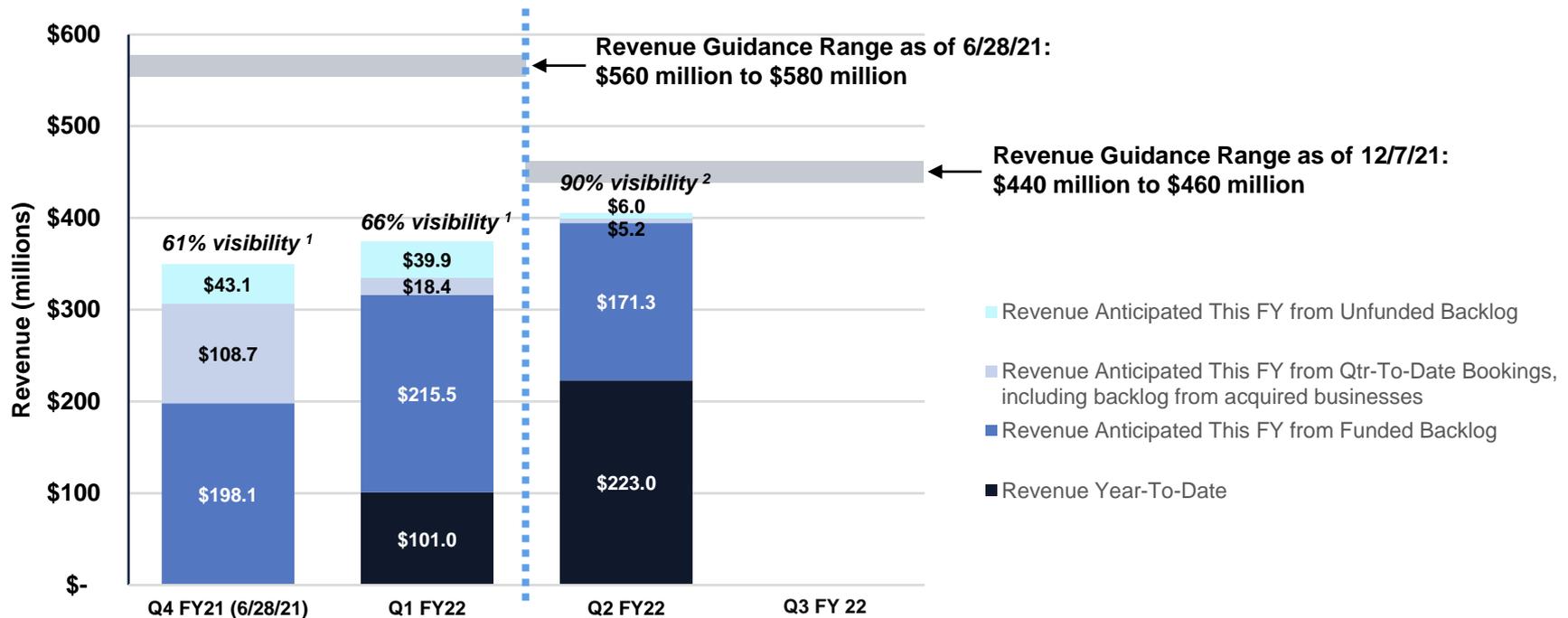
# ADJUSTED PROFITABILITY BY TYPE AND NON-GAAP EPS



<sup>1</sup> Refer to GAAP to NON-GAAP reconciliation on Appendix C.

<sup>2</sup> Refer to Reconciliation of Non-GAAP Diluted Earnings Per Share on Appendix A.

# VISIBILITY SUPPORTS REVISED FULL YEAR EXPECTATIONS



<sup>1</sup> Based on midpoint of prior guidance range of \$560 million to \$580 million

<sup>2</sup> Based on midpoint of revised guidance range of \$440 million to \$460 million

# UPDATED GUIDANCE: FISCAL 2022 OUTLOOK

As of 12/7/21	Fiscal Year 2021 Results	Fiscal Year 2022 Revised Expectations <sup>2</sup>	Expected Change (to midpoint)
Revenue	\$395 million	\$440 million - \$460 million	+14%
Net Income/(Loss) from continuing operations	\$23 million	(\$12) million – (\$8) million	(143%)
Adjusted EBITDA <sup>1</sup>	\$72 million	\$59 million – \$65 million	(13%)
Earnings/(Loss) Per Share (diluted)	\$0.96	(\$0.47) – (\$0.33)	(143%)
Non-GAAP Earnings Per Share (diluted)	\$2.10 <sup>3</sup>	\$1.23 – \$1.37 <sup>4</sup>	(38%)
Research & Development Investment	14%	11% – 12%	-
Tax Rate (Benefit on Pre-Tax Loss)	1.6%	(40% – 50%)	-
Capital Expenditures	3%	5% – 7%	-

<sup>1</sup> Refer to Adjusted EBITDA reconciliation on Appendix D.

<sup>2</sup> Updates reflect final purchase accounting effects of intangible asset amortization.

<sup>3</sup> Refer to Reconciliation of Non-GAAP Diluted Earnings Per Share on Appendix A.

<sup>4</sup> Refer to Reconciliation of Fiscal Year 2022 Non-GAAP Diluted Earnings Per Share Expectations on Appendix B.

**DESPITE HEADWINDS, COMPANY IS WELL POSITIONED IN KEY MARKETS AND ON TRACK TO DELIVER 5<sup>TH</sup> CONSECUTIVE YEAR OF TOP LINE GROWTH**

# AEROVIRONMENT

PORTFOLIO OF INTELLIGENT,  
MULTI-DOMAIN ROBOTIC SYSTEMS



QUANTIX RECON



VAPOR 55



VAPOR 35



**AV**  
AeroVironment™

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# APPENDIX A – RECONCILIATION OF NON-GAAP (LOSS) EARNINGS PER DILUTED SHARE (UNAUDITED)

	<u>Three Months</u> <u>Ended</u> <u>October 30, 2021</u>	<u>Three Months</u> <u>Ended</u> <u>October 31, 2020</u>	<u>Six Months</u> <u>Ended</u> <u>October 30, 2021</u>	<u>Six Months</u> <u>Ended</u> <u>October 31, 2020</u>
Earnings (loss) per diluted share	\$ 0.10	\$ 0.09	\$ (0.47)	\$ 0.50
Acquisition-related expenses	0.03	0.02	0.15	0.02
Amortization of acquired intangible assets and other purchase accounting adjustments	0.33	0.02	0.62	0.04
HAPSMobile Inc. JV impairment of investment in Loon LLC	—	0.35	—	0.35
Legal accrual related to our former EES business	0.32	—	0.32	—
Earnings per diluted share as adjusted (Non-GAAP)	<u>\$ 0.78</u>	<u>0.48</u>	<u>\$ 0.62</u>	<u>\$ 0.91</u>

# APPENDIX B – RECONCILIATION OF FISCAL YEAR 2022 NON-GAAP DILUTED EARNINGS PER SHARE EXPECTATIONS (UNAUDITED)

	<u>Fiscal year ending April 30, 2022</u>
Forecast loss per diluted share	\$ (0.47) - (0.33)
Acquisition-related expenses	0.16
Amortization of acquired intangible assets and other purchase accounting adjustments	1.22
Legal accrual related to our former EES business	0.32
Forecast earnings per diluted share as adjusted (Non-GAAP)	<u>\$ 1.23 - 1.37</u>

# APPENDIX C – GAAP TO NON-GAAP RECONCILIATION OF ADJUSTED GROSS MARGIN

<i>(in thousands)</i>	Fiscal 2 <sup>nd</sup> Quarter FY 2021	Fiscal 3 <sup>rd</sup> Quarter FY 2021	Fiscal 4 <sup>th</sup> Quarter FY 2021	Fiscal 1 <sup>st</sup> Quarter FY 2022	Fiscal 2 <sup>nd</sup> Quarter FY 2022
<b>Adjusted Gross Margin</b>					
<b>Products</b>					
Gross Margin	\$ 31,319	\$ 22,602	\$ 48,980	\$ 20,526	\$ 32,061
Intangible Amortization	623	623	623	1,667	1,986
Adjusted Gross Margin	\$ 31,942	\$ 23,225	\$ 49,603	\$ 22,193	\$ 34,047
<i>Adjusted Gross Margin % of Revenue</i>	49%	40%	51%	42%	48%
<b>Services</b>					
Gross Margin	\$ 9,532	\$ 6,039	\$ 10,675	\$ 8,197	\$ 10,394
Intangible Amortization	-	-	1,960	2,362	3,188
Adjusted Gross Margin	\$ 9,532	\$ 6,039	\$ 12,635	\$ 10,559	\$ 13,582
<i>Adjusted Gross Margin % of Revenue</i>	35%	30%	32%	22%	27%

# APPENDIX D – GAAP TO NON-GAAP RECONCILIATION OF ADJUSTED EBITDA

<i>(in millions)</i>	Fiscal year ending April 30, 2022	Fiscal year ending April 30, 2021
Net (loss) income	\$ (12) - (8)	\$ 23
Interest expense, net	5	1
Benefit from income taxes	(12) - (9)	1
Depreciation and amortization	65	19
EBITDA (Non-GAAP)	46 - 53	44
HAPSMobile Inc. JV impairment of investment in Loon LLC	—	10
Equity method investment gain	(2)	—
Legal accrual related to our former EES business	10	9
Acquisition-related expenses	5 - 4	9
Adjusted EBITDA (Non-GAAP)	\$ 59 - 65	\$ 72