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AeroVironment, Inc.

Wahid Nawabi, CEO.
August, 2022

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; 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; the impact of inflation; 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 or on our website at 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.

AeroVironment At-a-Glance

Pureplay unmanned robotics systems company providing industries broadest portfolio of Intelligent Multi-domain Robotic Solutions for defense and commercial markets



Founded in 1971



HQ in Arlington, VA



~1,300 employees located primarily in CA, MA, VA, AL and Germany



Expecting revenue of \$490M - \$520M for FY23 ending April 30.



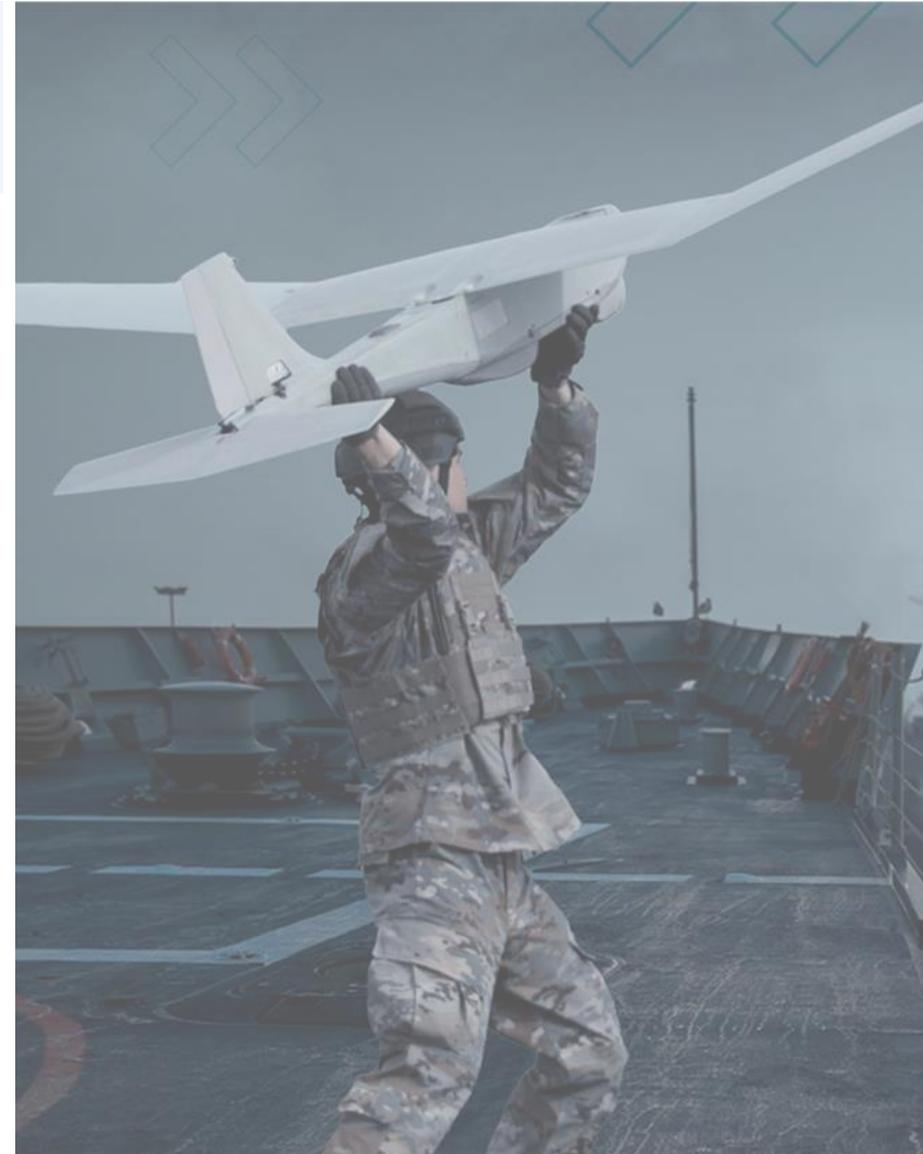
Strong track record of consistent growth and value creation



Global footprint with sales to more than 50 countries around the world



In the news: AVAV providing switchblade loitering munitions and other unmanned robotic systems to Ukraine



AEROVIRONMENT

PORTFOLIO OF INTELLIGENT,
MULTI-DOMAIN ROBOTIC SYSTEMS

SOLAR HAPS

T-20

JUMP 20

PUMA LE

PUMA 3 AE

RAVEN

WASP AE

SWITCHBLADE 600

SWITCHBLADE 300

BLACKWING

QUANTIX RECON

VAPOR 55

VAPOR 35

tEODor

telemax



Investment Thesis

○ Near term

- Strong organic growth (top & bottom line) and a leader in our markets
- Most product lines are expected to grow organically this fiscal year
- Expecting strong international growth based on US, NATO and Ukraine demand
- Growing defense budgets due to increased global tensions
- Effectively managing supply chain and tight labor market headwinds

○ Long term

- Targeting multi-billion \$ market opportunities with high growth potential
- Unmatched & broadest portfolio of unmanned robotic systems
- Favorable product mix with improving margins
- Market leader in multiple markets with strong growth potential

Despite macro economic challenges, AVAV is well positioned to drive short & long term growth

Business Segments Support Mission-critical Applications

SEGMENT		MILITARY	COMMERCIAL	
	Small Unmanned Aircraft Systems	Leading global solution provider with the largest installed base of systems globally; Continuing to expand and grow our business by securing new requirements in U.S. and international markets	✓	✓
	Medium Unmanned Aircraft Systems	New business segment following acquisition of Arcturus UAV; >\$1B market opportunity; Leveraging proven SUAS playbook and AeroVironment brand to gain market share in U.S. and 50+ allied nations	✓	
	Tactical Missile Systems	Leading player in U.S.; Expanding portfolio of solution gives us access to >\$1B market opportunity by disrupting the traditional missiles market; Expanding into multi-domain applications; international expansion underway following recent U.S. government approval of first allied-nation export	✓	
	High-Altitude Platform Stations	Leading player in solar stratospheric HAPS platform for both defense and commercial applications; Focused on certification and commercialization of solar HAPS for global connectivity and defense applications.	✓	✓
	Unmanned Ground Vehicles	Resulting product line following Telerob acquisition; Retaining entire Telerob team and actively pursuing new programs and cross-selling opportunities in U.S. and international markets	✓	✓
	MacCready Works Engineering Services	Provider of innovative engineering services for both defense and commercial markets; Integral in Mars Ingenuity Helicopter development & deployment; expanded capabilities in AI-enabled computer vision, machine learning and perceptive autonomy following acquisition of Progeny Systems ISG team	✓	✓

SMALL UNMANNED AIRCRAFT SYSTEMS (SUAS)

KEY FACTS

- Global Leader with product line generating **\$178M or 40%** of Company revenue in fiscal 2022
- Product Line includes multiple fixed wing and rotary aircraft with varying flight times, payloads/sensors and mission sets classified as Group 1 and 2 UAVs
- Majority Share of all unmanned aircraft in U.S Dept. Of Defense (DOD) inventory
- Strong international position with 47% of revenue in FY21 from international customers. Over 50 allied nations have purchased (adopted) SUAS products from AV

GROWTH DRIVERS

- Sustainment and Product upgrades of very large global installed base of systems
- Product Line expansion with expanding mission set and market size
- Continued International expansion and growth
- Upgrades for autonomy and GPS denied/contested airspace navigation
- Commercial and Civil adoption



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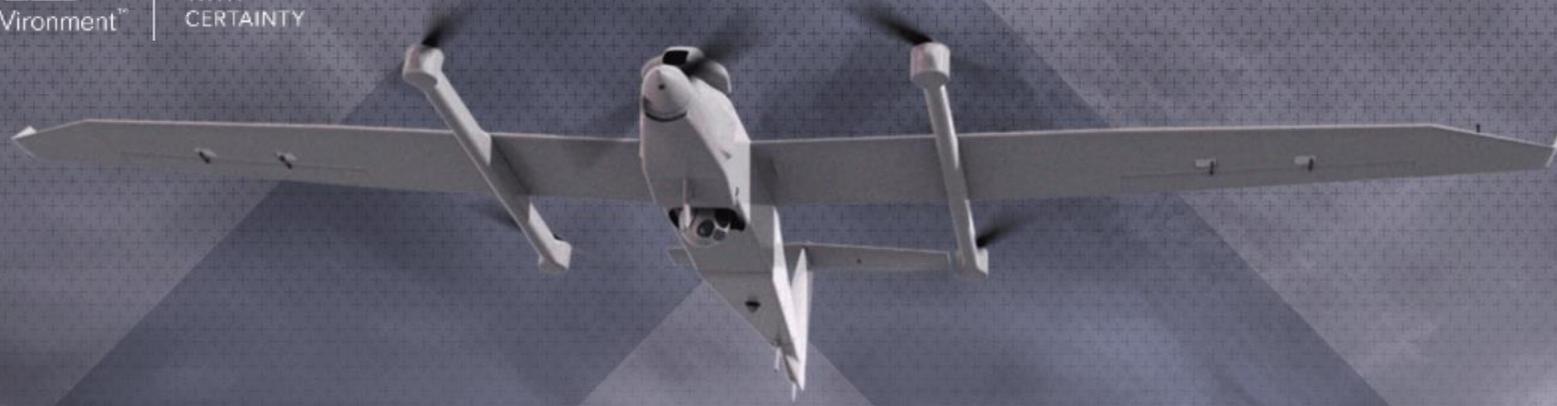
Up to 60km range and 6.5hr Flight Time
Fixed Wing, Hand Launch

¹ SOURCE: United States Department of Defense Unmanned Systems Roadmap 2013-2038, pg.5

Market Leader With Innovation Pipeline and Enduring U.S. and Allied Nation Relationships



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Medium UAS

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MEDIUM UNMANNED AIRCRAFT SYSTEMS (MUAS)

KEY FACTS

- Acquired Arcturus UAV - leading provider of UAS and related services to Group 2 and Group 3 markets
- Primary revenue today from “COCO” Service (Contractor Owned Contractor Operated) to U.S. Special Operations Command on MEUAS IV ISR services program
- FY22 Revenue of \$93M or 21% of company revenue
- Significant Market Opportunity → \$1B today growing to \$3B by 2030¹

GROWTH DRIVERS

- Winning additional share within US SOCOM’s MEUAS Program
- International UAS sales leveraging AeroVironment’s global reach, track record, and brand recognition
- Winning US Army’s Future Tactical Unmanned Aircraft System Program (FTUAS) and future Maritime opportunities
- Leveraging contractor-owned, contractor-operated (COCO) service business model for other AeroVironment and non-AeroVironment Products

¹ Renaissance Strategic Advisors - Group 2, 3 UAS Forecast 2020-2030, January 2021



JUMP 20

115 Mile Range, 840 Minute Flight Time
VTOL, Multi-Payload (30 lbs)

Accelerating International Demand, Proven SUAS Playbook, and Upcoming US Programs Accelerate Momentum

Tactical Missile Systems

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TACTICAL MISSILE SYSTEMS (TMS)

KEY FACTS

- AV invented the category 10 years ago and leads the market
- Lethal, high-precision, rapidly deployable loitering munition in use by U.S. armed forces for a decade
- Product line consists of Switchblade® 300, 600, and BlackWing® (submarine launch UAV)
- FY22 revenue of \$76M or 17% of total company revenue
- ~\$1Billion U.S. market opportunity

GROWTH DRIVERS

- Continued adoption of the Switchblade® 300 and 600 throughout U.S. armed forces.
- International sales – Opportunity to grow internationally following recent approval to sell SB300 and SB600 to **more than 20 allied nations**
- Integration with other platforms & partners
 - Integrating Switchblade into next generation armored vehicle with General Dynamics Land Systems
 - Integrating Switchblade 600 into naval vessels for U.S. Special Operations Command



Switchblade® 600

24 Mile Range, 40 Minute Flight Time
Patented wave-off and recommit

Accelerating International Demand, Multi-Domain Applications, and Continued Core Product Leadership

FINANCIAL OVERVIEW

GUIDANCE: FISCAL 2023 OUTLOOK

As of 4/30/2022	Fiscal Year 2022 Results	FY23 Guidance	Expected % Change (to midpoint)
Revenue	\$446 million	\$490 million - \$520 million	13%
Net Income/(Loss)	(\$4 million)	\$11 million - \$18 million	---
Adjusted EBITDA ^{1, 2}	\$62 million	\$82 million - \$92 million	43%
Earnings/(Loss) Per Share (diluted)	(\$0.17)	\$0.42 - \$0.72	---
Non-GAAP Earnings Per Share (diluted)	\$1.25 ³	\$1.35 - \$1.65 ⁴	20%
R&D as % of Revenues	12%	10%-11%	---
SG&A as % of Revenues ⁵	16%	15%-16%	---

¹ Refer to Adjusted EBITDA reconciliation on Appendix D.

² Refer to Reconciliation of prior to current Adjusted EBITDA calculations which now exclude stock-based compensation on Appendix E.

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

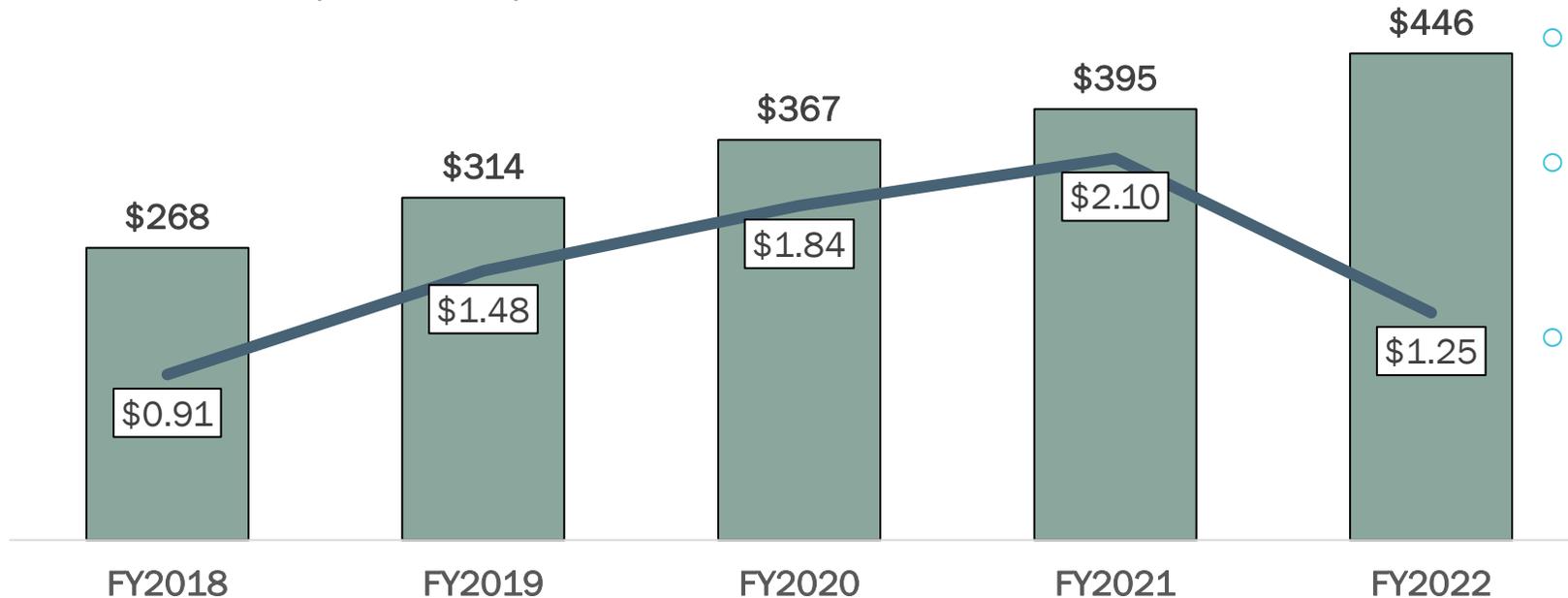
⁴ Refer to Reconciliation of Fiscal Year 2022 Non-GAAP Diluted Earnings Per Share Expectations on Appendix B.

⁵ Excludes Intangible Amortization

COMPANY POISED FOR ORGANIC DOUBLE-DIGIT GROWTH IN FY23

Revenue and Non-GAAP EPS (Continuing Ops)

■ Revenue (\$ Millions) — Non-GAAP EPS



- Continued double digit revenue growth
- FY22 organic growth was negative as a result of supply chain issues and reduced U.S. SUAS demand.
- FY22 Revenue growth came as a result of acquisitions.

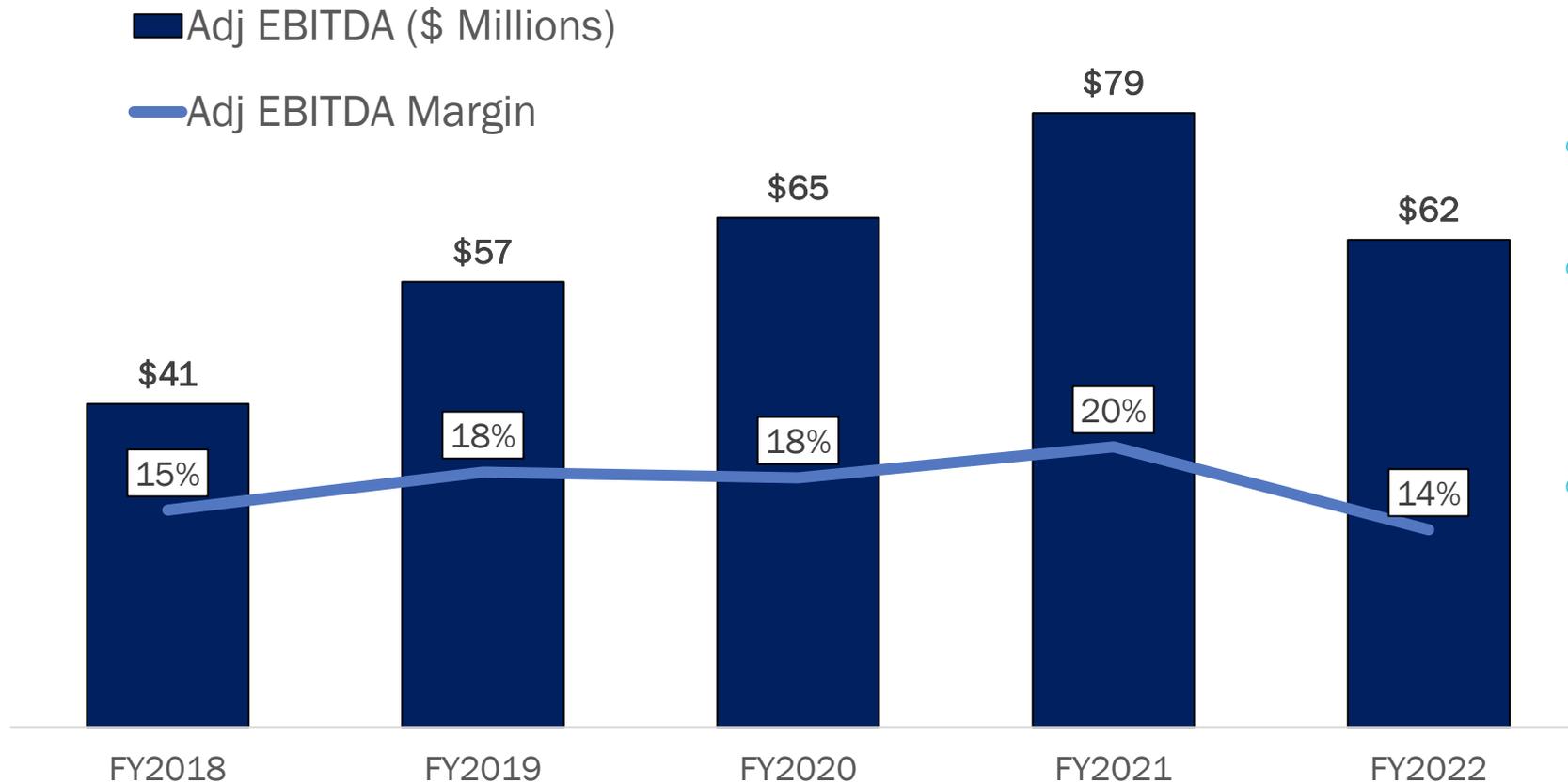
ACQUISITION



ACQUISITIONS

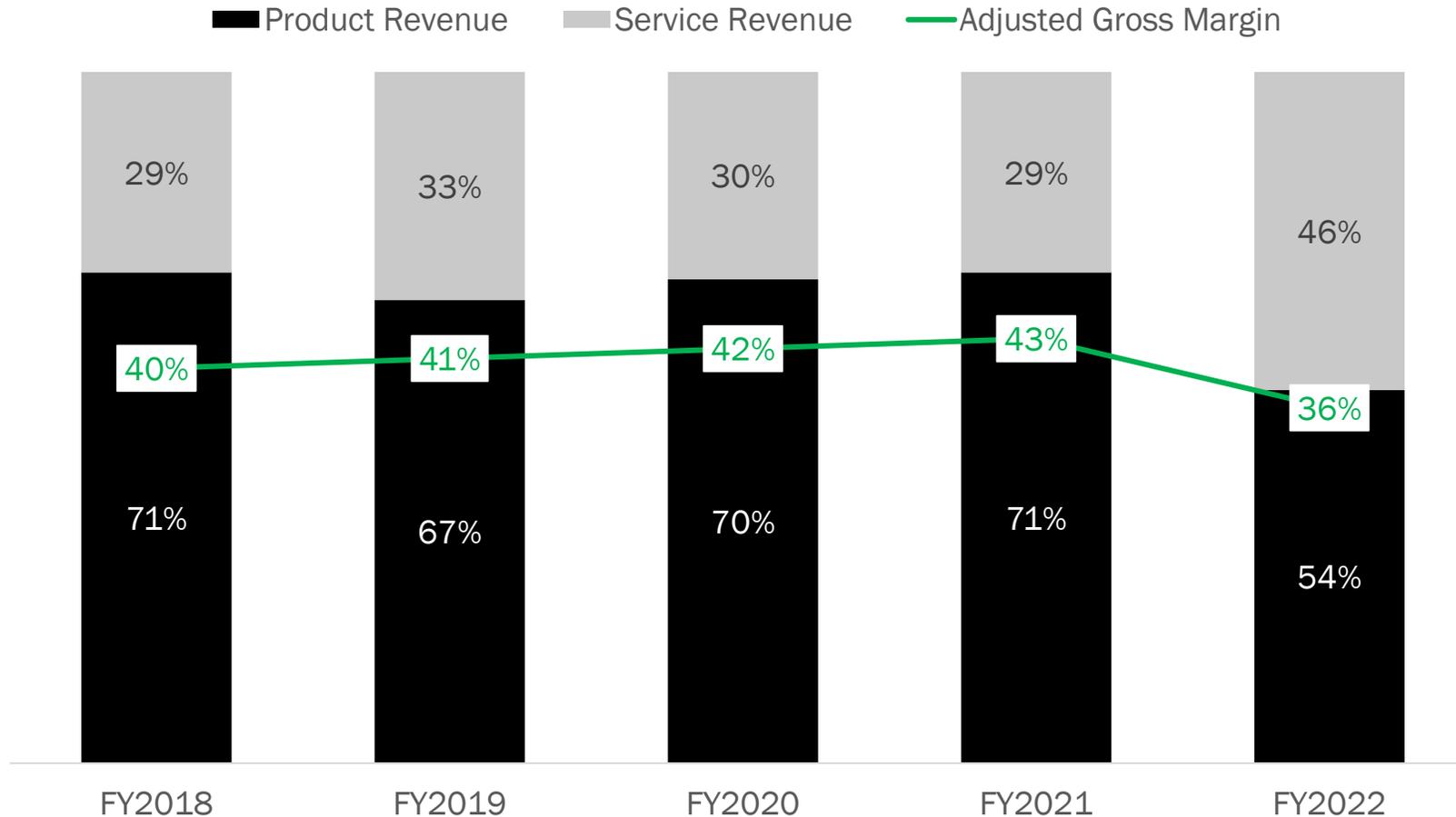


Adjusted EBITDA and EBITDA Margin



- Historically strong Adjusted EBITDA Margins
- FY22 Adjusted EBITDA Margins impacted by lower gross margins as a result mix shift to lower margin service revenues.
- Also negatively impacted from higher operating expenses as result of acquisitions.

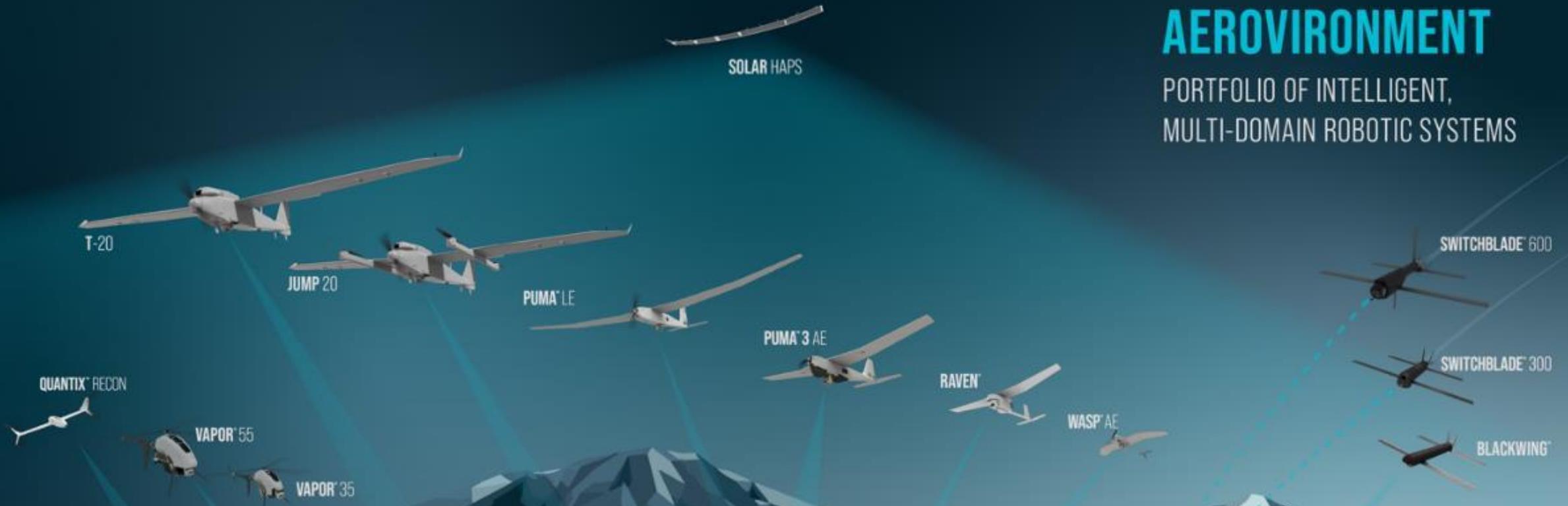
Mix of Product and Service Revenues



- Shift to higher service mix as a result of acquisitions and lower SUAS product sales.
- Higher mix of service negatively impacted Adjusted Gross Margins.

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PORTFOLIO OF INTELLIGENT,
MULTI-DOMAIN ROBOTIC SYSTEMS



Questions?



Videos

Small UAS



Medium UAS



Tactical Missile Systems



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

<i>(in thousands)</i>	FY18	FY19	FY20	FY21	FY22
Adjusted Gross Margin					
<i>Products</i>					
Gross Margin	\$82,319	\$98,600	\$117,627	\$129,174	\$100,877
Intangible Amortization and other purchase accounting	\$0	\$0	\$2,284	\$2,576	\$8,301
Adjusted Gross Margin	\$82,319	\$98,600	\$119,911	\$131,750	\$108,251
Adjusted Gross Margin % of Revenue	42.9%	46.5%	46.7%	47.2%	45.0%
<i>Services</i>					
Gross Margin	\$25,366	\$29,803	\$35,475	\$35,384	\$41,149
Intangible Amortization	\$0	\$0	\$0	\$1,876	\$10,331
Adjusted Gross Margin	\$25,366	\$29,803	\$35,475	\$37,260	\$51,527
Adjusted Gross Margin % of Revenue	33.1%	29.2%	32.1%	32.1%	25.1%

APPENDIX F – GAAP TO NON-GAAP RECONCILIATION OF ADJUSTED EBITDA

	FY18	FY19	FY20	FY21	FY22
Net Income from continued operations	\$21,750	\$41,912	\$41,339	\$23,331	(\$4,188)
Interest Expense / (Income), net	(\$2,240)	(\$4,672)	(\$4,828)	618	5,440
Tax provision / benefit	9,800	4,641	5,848	539	(\$10,369)
Depreciation and amortization (1)	5,982	7,669	9,888	\$19,262	\$60,825
EBITDA (Non-GAAP)	\$35,292	\$49,550	\$52,248	\$43,750	\$51,708
FV Step-up amortization incl. in Loss on disposal of PP&E					1,280
Stock-based compensation	4,956	6,985	6,227	6,932	5,390
Acquisition-relation expenses			\$1,119	\$7,982	\$4,853
Equity method investment activity	1,283	3,944	5,487	10,481	(\$4,589)
Non-controlling interest	(\$216)	(\$19)	(\$4)	14	3
One-time impairment		(\$8,000)			
CIS asset impairment		4,398			
Legal accrual related to our former EES business				9,300	10,000
Sale of ownership in HAPSMobile JV					(\$6,383)
Adjusted EBITDA (Non-GAAP)	\$41,315	\$56,858	\$65,076	\$78,459	\$62,262

APPENDIX G – GAAP TO NON-GAAP EPS RECONCILIATION TABLE

	FY18	FY19	FY20	FY21	FY22
Earnings (loss) per diluted shares from continuing operations	\$0.91	\$1.74	\$1.72	\$0.96	(\$0.17)
Acquisition-related expenses			0.04	0.26	0.18
Amortization of acquired intangible assets and other purchase accounting adjustments			0.08	0.24	1.17
Sale of ownership in HAPSMobile JV				0.00	(\$0.25)
HAPSMobile JV impairment of investment in Loon LLC				0.34	
Legal accrual related to our former EES business				0.30	0.32
One-time gain from a litigation settlement		(\$0.26)			
Earnings (loss) per diluted shares as adjusted (Non-GAAP)	\$0.91	\$1.48	\$1.84	\$2.10	\$1.25