FIRST QUARTER FISCAL YEAR 2023 EARNINGS PRESENTATION

September 7, 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 or the risk of unauthorized access to our, our customers’ and/or our suppliers’ information and systems; changes in the supply and/or demand and/or prices for our products and services; increased competition; 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; unexpected changes in significant operating expenses, including components and raw materials; failure to develop new products or integrate new technology into current products; unfavorable results in legal proceedings; our ability to respond and adapt to unexpected legal, regulatory and government budgetary changes, including those resulting from the ongoing COVID-19 pandemic, such as supply chain disruptions, vaccine mandates, the threat of future variants and potential governmentally-mandated shutdowns, quarantine policies, travel restrictions and social distancing, curtailment of trade, diversion of government resources to non-defense priorities, and other business restrictions affecting our ability to manufacture and sell our products and provide our services; 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; and the failure to establish and maintain effective internal control over financial reporting. 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.

FIRST QUARTER FISCAL YEAR 2023 KEY MESSAGES

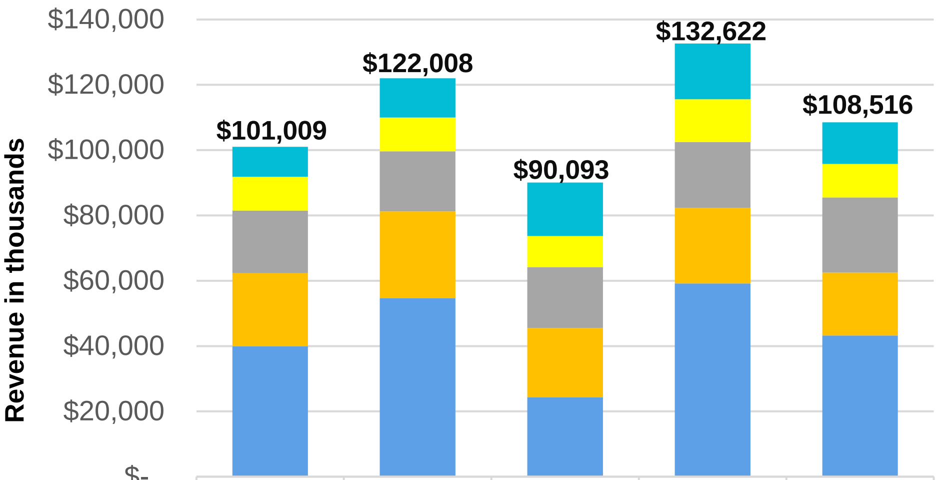
- **Achieved first quarter results in line with expectations and on track to achieve FY 2023 objectives**
- **Strong order momentum demonstrated by a record funded backlog of more than $300 million as of August 27, 2022**
- **Company continues to successfully manage through ongoing supply chain challenges and remains well positioned for continued value creation given strong demand across the business – led by heightened global interest in our Switchblade Tactical Missile Systems, Small Unmanned Aircraft Systems and Medium Unmanned Aircraft System product lines**

FIRST QUARTER RESULTS FISCAL YEAR 2023

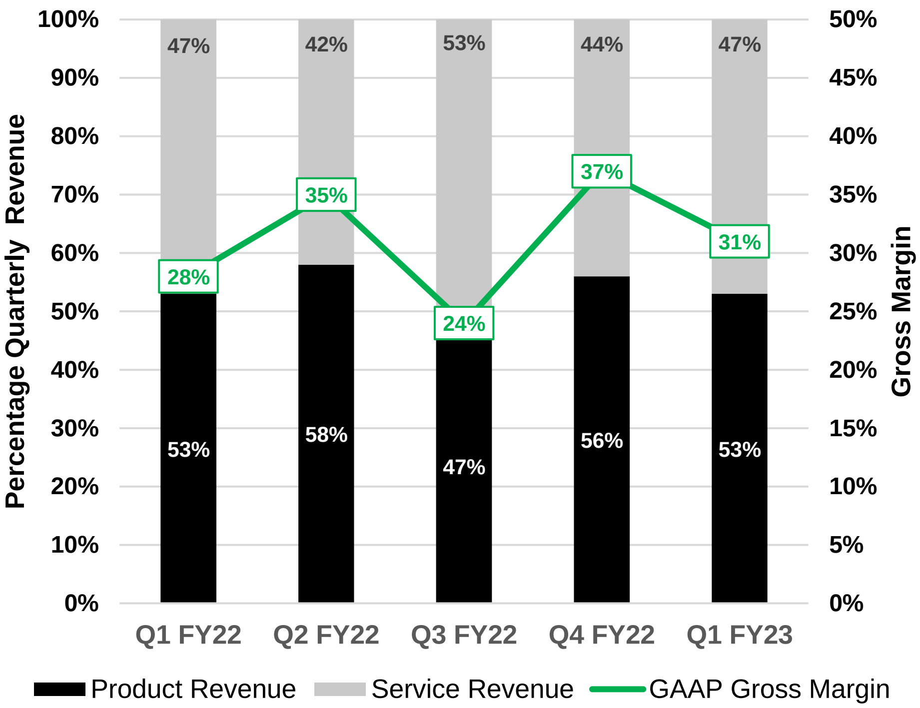
Metric	Q1 FY23	Year-Over-Year Change	Notes
Revenue	$108.5 million	+7%	Increase driven by higher product sales and service revenue. Increase in TMS revenue and customer-funded R&D revenue, offset by declines in MUAS segment
GAAP Gross profit	$33.7 million	+17%	Driven by favorable product mix and higher sales volume
Adjusted EBITDA[1]	$13 million	$6 million	YoY improvement due to higher gross margins, on higher sales volume and favorable mix, lower SG&A spend partially offset by higher R&D investment
Non-GAAP EPS (diluted)[2]	($0.10)	$0.07	YoY improvement due to higher gross margin, decrease in acquisition-related expenses, and decrease in SG&A spend. These were partially offset by a tax provision during the first quarter vs. a tax benefit in FY22 along with an increase in R&D expenses and higher interest expenses.
Funded Backlog	$203.9 million	-21%	YoY decline in backlog primarily driven by the timing of bookings. August month end funded backlog > $300m

[1] Refer to Historical Adjusted EBITDA Reconciliation on Appendix D
[2] Refer to Reconciliation of Non-GAAP Diluted Loss Per Share on Appendix A.

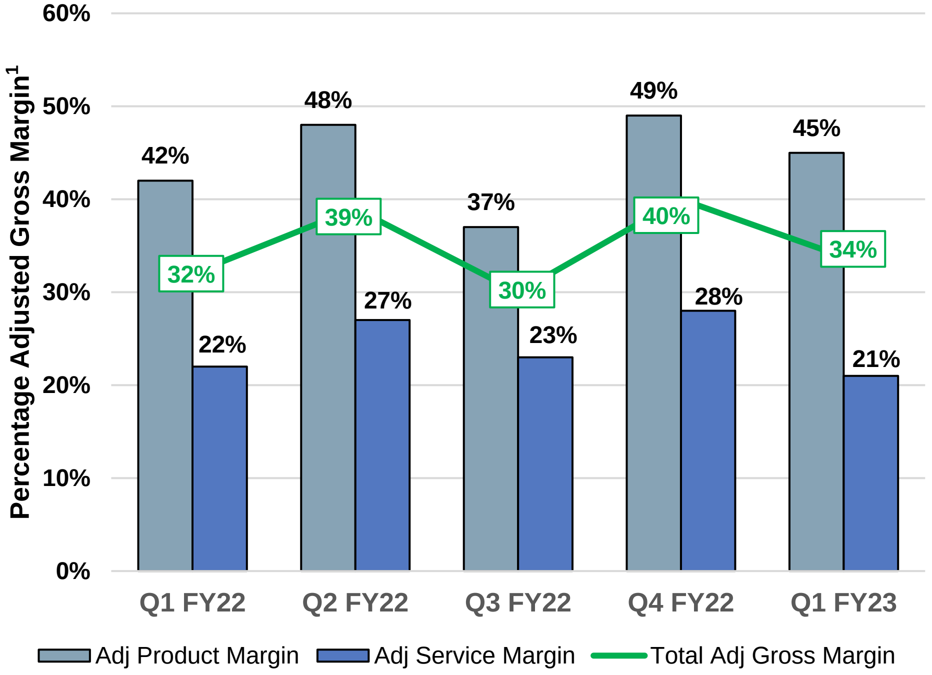
REVENUE MIX BY SEGMENT AND TYPE

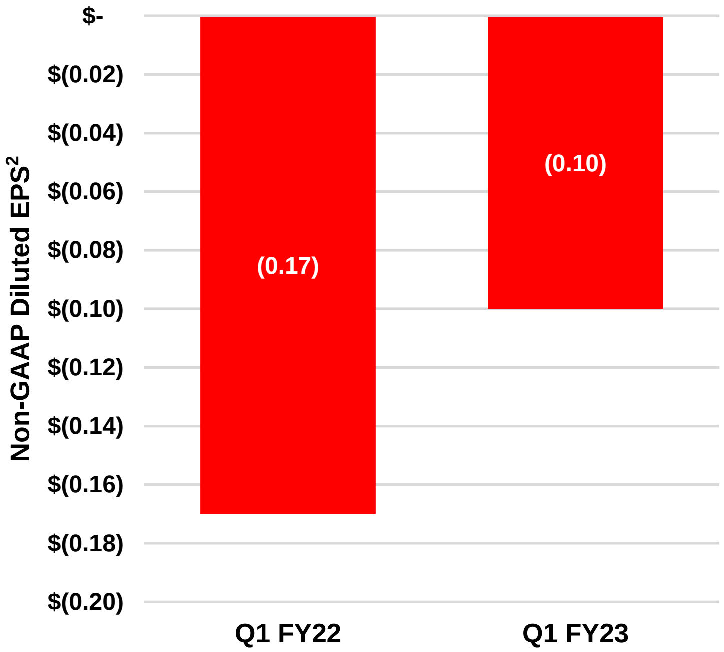


	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
Other	$9,178	$12,009	$16,412	$17,037	$12,772
HAPS	$10,352	$10,342	$9,544	$13,087	$10,215
TMS	$19,176	$18,418	$18,603	$20,217	$23,011
MUAS	$22,379	$26,525	$21,168	$23,083	$19,262
SUAS	$39,924	$54,714	$24,366	$59,198	$43,256



ADJUSTED PROFITABILITY BY TYPE AND NON-GAAP EPS





[1] Refer to GAAP to NON-GAAP reconciliation on Appendix C.
[2] Refer to Reconciliation of Non-GAAP Diluted Loss Per Share on Appendix A.

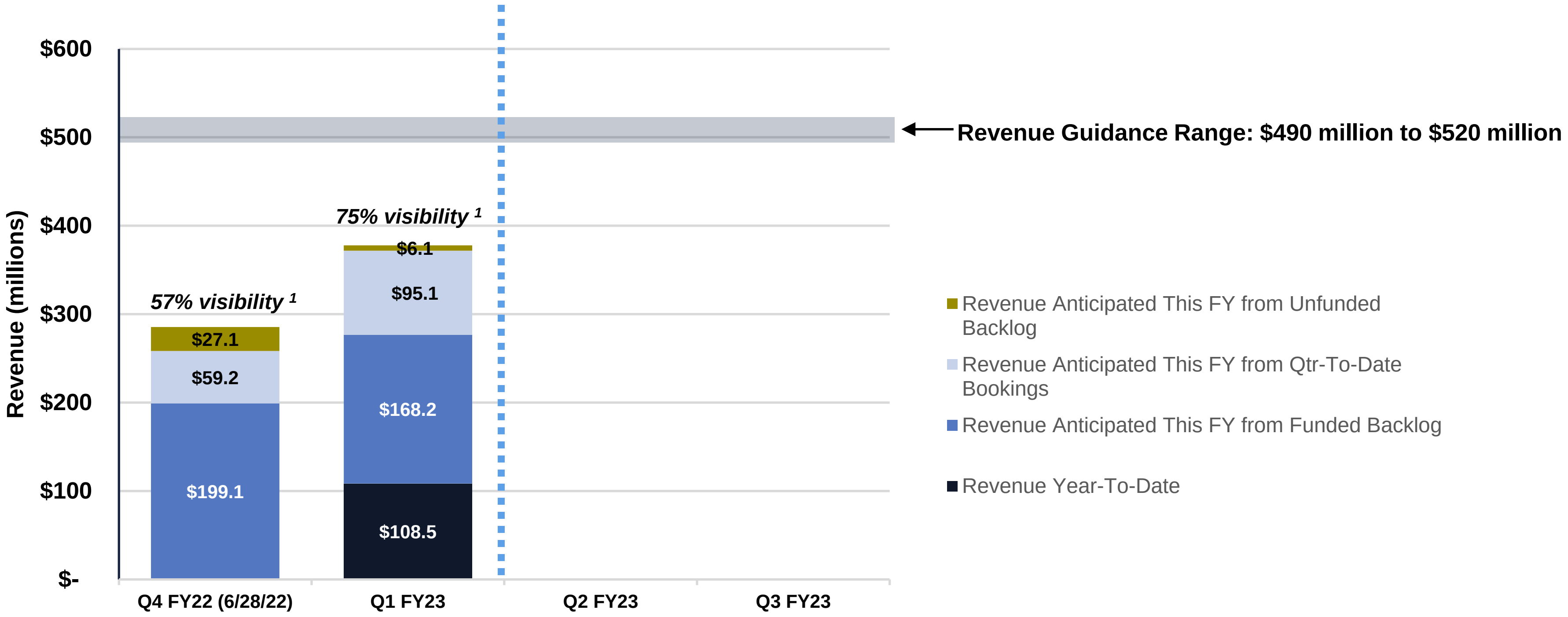
GUIDANCE: FISCAL 2023 OUTLOOK

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]	$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	$1.35 – $1.65 [2]	20%

[1] Refer to Adjusted EBITDA reconciliation on Appendix D.
[2] Refer to Reconciliation of Fiscal Year 2022 Non-GAAP Diluted Earnings Per Share Expectations on Appendix B.

NO CHANGE TO FY23 GUIDANCE

VISIBILITY FOR FY23



[1] Based on midpoint of guidance range of $490-$520 million

75% visibility to mid-point of guidance. Company expects backloaded fiscal year.


AEROVIRONMENT
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MULTI-DOMAIN ROBOTIC SYSTEMS
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JUMP 20
PUMA™ LE
PUMA™ 3 AE
RAVEN®
WASP® AE
QUANTIX™ RECON
VAPOR® 55
VAPOR® 35
SWITCHBLADE® 600
SWITCHBLADE® 300
BLACKWING™
tEODor
telemax
DDL
AES-256
AeroVironment™
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APPENDIX A – RECONCILIATION OF NON-GAAP LOSS PER DILUTED SHARE (UNAUDITED)

	Three Months Ended July 30, 2022	Three Months Ended July 31, 2021
Loss per diluted share	$ (0.34)	$ (0.57)
Acquisition-related expenses	0.02	0.11
Amortization of acquired intangible assets and other purchase accounting adjustments	0.22	0.29
Loss per diluted share as adjusted (Non-GAAP)	$ (0.10)	$ (0.17)

APPENDIX B – RECONCILIATION OF FISCAL YEAR 2023 NON-GAAP DILUTED EARNINGS PER SHARE EXPECTATIONS (UNAUDITED)

	Fiscal year ending April 30, 2023
Forecast earnings per diluted share	$ 0.42 - 0.72
Acquisition-related expenses	0.02
Amortization of acquired intangible assets and other purchase accounting adjustments	0.91
Forecast earnings per diluted share as adjusted Non-GAAP	$ 1.35 - 1.65

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

(in thousands)	**Fiscal 1st Quarter FY2022**	**Fiscal 2nd Quarter FY2022**	**Fiscal 3rd Quarter FY2022**	**Fiscal 4th Quarter FY2022**	**Fiscal 1st Quarter FY2023**
Adjusted Gross Margin					
Products					
Gross Margin	$20,526	$32,061	$13,305	$34,195	$25,075
Intangible Amortization	$1,667	$2,320	$2,359	$1,818	$1,026
Adjusted Gross Margin	$22,193	$34,381	$15,664	$36,013	$26,101
Adjusted Gross Margin % of Revenue	41.8%	48.4%	36.8%	48.7%	45.0%
Services					
Gross Margin	$8,197	$10,394	$8,131	$14,427	$8,639
Intangible Amortization	$2,362	$3,141	$2,762	$2,113	$1,956
Adjusted Gross Margin	$10,559	$13,535	$10,893	$16,540	$10,595
Adjusted Gross Margin % of Revenue	22.0%	26.5%	22.9%	28.2%	21.0%

APPENDIX D – HISTORICAL ADJUSTED EBITDA RECONCILIATION

	Fiscal 1st Quarter FY2022	Fiscal 2nd Quarter FY2022	Fiscal 3rd Quarter FY2022	Fiscal 4th Quarter FY2022	Full Fiscal Year FY2022	Fiscal 1st Quarter FY2023
Net income from continued operations	$ (13,981)	$ 2,525	$ 10	$ 7,258	$ (4,188)	$ (8,395)
Interest Expense (Income)/net	1,275	1,379	1,510	1,276	5,440	1,603
Tax provision / (benefit)	(957)	(9,511)	(15,396)	15,495	(10,369)	2605
Depreciation and amortization (1)	13,654	16,365	17,418	13,388	60,825	14,000
EBITDA (Non-GAAP)	$ (9)	$ 10,758	$ 3,542	$ 37,417	$ 51,708	$ 9,813
FV Step-up amortization incl. in loss of disposal of PP&E	348	869		63	1,280	115
Cloud amortization	62	72	91	114	339	126
Stock-based compensation	1,922	420	1,615	1,433	5,390	2,217
Acquisition-related expenses	3,268	848	368	369	4,853	335
Equity method investment activity	1,141	(1,133)	(171)	(4,426)	(4,589)	500
Non-controlling interest	63	31	(45)	(46)	3	6
Legal accrual related to our former EES business		10,000			10,000	
Sale of ownership in HAPSMobile JV				(6,383)	(6,383)	
Adjusted EBITDA (Non-GAAP)	$ 6,795	$ 21,865	$ 5,400	$ 28,541	$ 62,601	$ 13,112

(1) as reported