



PROCEED  
WITH  
CERTAINTY

# Fourth Quarter Fiscal Year 2024 Earnings Presentation

June 26, 2024



# Safe Harbor Statement

Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, the impact of our ability to successfully close and integrate acquisitions into our operations and avoid disruptions from acquisition transactions that will harm our business; the recording of goodwill and other intangible assets as part of acquisitions that are subject to potential impairments in the future and any realization of such impairments; any actual 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, including uncertainties in classification, pricing or potentially burdensome imposed terms for certain types of government contracts; availability of U.S. government funding for defense procurement and R&D programs; our ability to win U.S. and international government R&D and procurement programs; changes in the timing and/or amount of government spending, including due to continuing resolutions; adverse impacts of a U.S. government shutdown; our reliance on limited relationships to fund our development of HAPS UAS; our ability to execute contracts for anticipated sales, perform under such contracts and other existing contracts and obtain new contracts; risks related to our international business, including compliance with export control laws; the extensive and increasing 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 and resulting misuse of our, our customers' and/or our suppliers' information and systems;; failure to remain a market innovator, to create new market opportunities or to expand into new markets; our ability to increase production capacity to support anticipated growth; unexpected changes in significant operating expenses, including components and raw materials; failure to develop new products or integrate new technology into current products; any increase in litigation activity or unfavorable results in legal proceedings, including pending class actions; our ability to respond and adapt to legal, regulatory and government budgetary changes, including those resulting from the impact of pandemics and similar outbreaks; 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.

# Fourth Quarter Fiscal Year 2024 Key Messages



Achieved **record full fiscal year revenue of \$717 million**, an increase of **33%** over prior year



Record fourth-quarter revenue of **\$197 million**, a **6% increase over Q4 FY23**



**Loitering Munition Systems** segment led company growth by delivering nearly **\$200 million** in fiscal year revenue



FY25 fiscal year revenue guidance of **\$790 and \$820 million** reflects between 10-14% growth

# Full Year Results Fiscal Year 2024

Metric	FY24	Year-Over-Year Change	Notes
Revenue	\$716.7 m	+33%	Overall increase driven by higher sales in UxS and LMS segments.
GAAP Gross Margin	\$283.9 m	+64%	Increase driven by higher product gross margin as well as higher service gross margin.
Adjusted EBITDA <sup>2</sup>	\$127.8 m	+42%	Increase due to higher revenue and gross margin, partially offset by higher R&D and SG&A expenditures.
Non-GAAP EPS (diluted) <sup>1</sup>	\$2.99	+137%	Increase due to higher revenue and gross margin, partially offset by higher R&D and SG&A expenditures.
Funded Backlog	\$400.2 m	-6%	Healthy backlog due to increased demand for LMS products and continued interest in UxS products; slightly lower from FY23 due to order timing.

<sup>1</sup> FY24 GAAP EPS was \$2.18 per diluted share. Refer to Reconciliation of Non-GAAP Earnings Per Diluted Share on Appendix A

<sup>2</sup> FY24 GAAP Net income was \$59.7M. Refer to Adjusted EBITDA reconciliation on Appendix D.

# Fourth Quarter Results Fiscal Year 2024

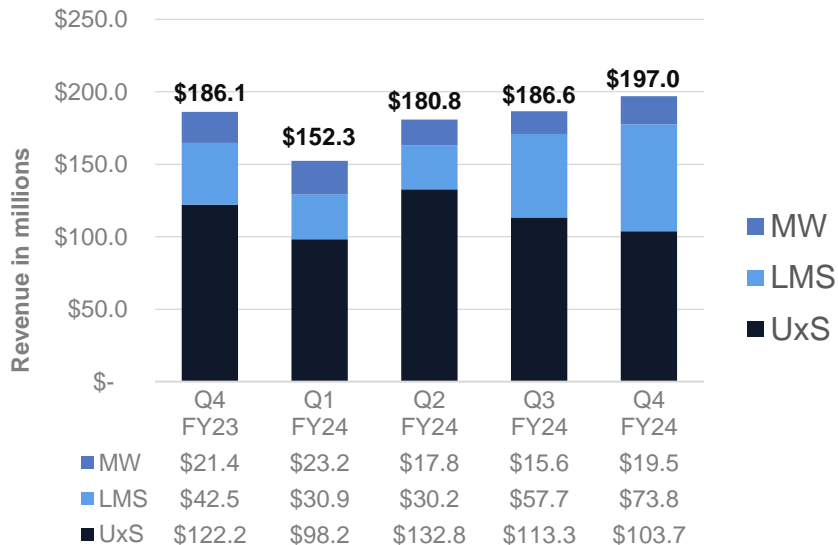
Metric	Q4 FY24	Year-Over-Year Change	Notes
Revenue	\$197.0 m	+6%	Overall increase driven by higher product sales in UxS and LMS segments partially offset by a decrease in service revenue.
GAAP Gross Margin	\$75.6 m	+11%	Increase driven by higher service margins partially offset by lower product gross margin.
Adjusted EBITDA <sup>2</sup>	\$22.1 m	-52%	Decrease due to higher R&D and SG&A expenditures, partially offset by higher gross margin.
Non-GAAP EPS (diluted) <sup>1</sup>	\$0.43	-57%	Decrease due to higher R&D and SG&A expenditures, partially offset by higher gross margin. Q4'24 saw slightly higher revenue than Q4'23.
Funded Backlog	\$400.2 m	-6%	Healthy backlog due to increased demand for LMS products and continued interest in UxS products; slightly lower from same quarter prior year due to order timing.

<sup>1</sup> Q4 GAAP EPS was \$0.22 per diluted share. Refer to Reconciliation of Non-GAAP Earnings Per Diluted Share on Appendix A

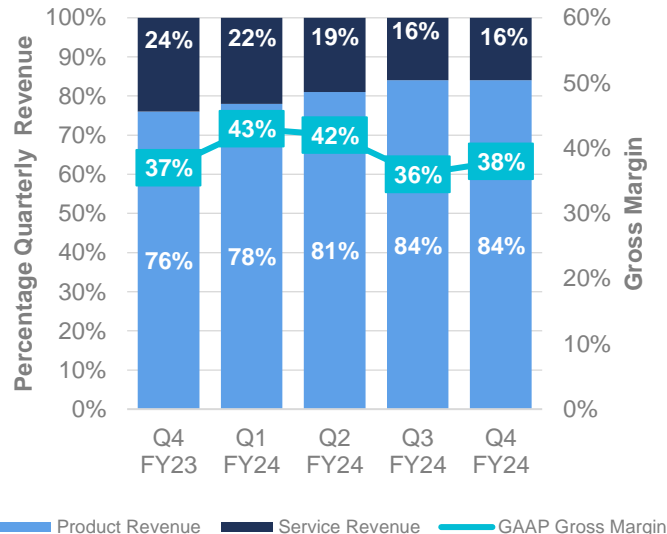
<sup>2</sup> Q4 GAAP Net income was \$6.0M. Refer to Adjusted EBITDA reconciliation on Appendix D

# Revenue Mix by Segment and Type

## QUARTERLY REVENUE BY SEGMENT



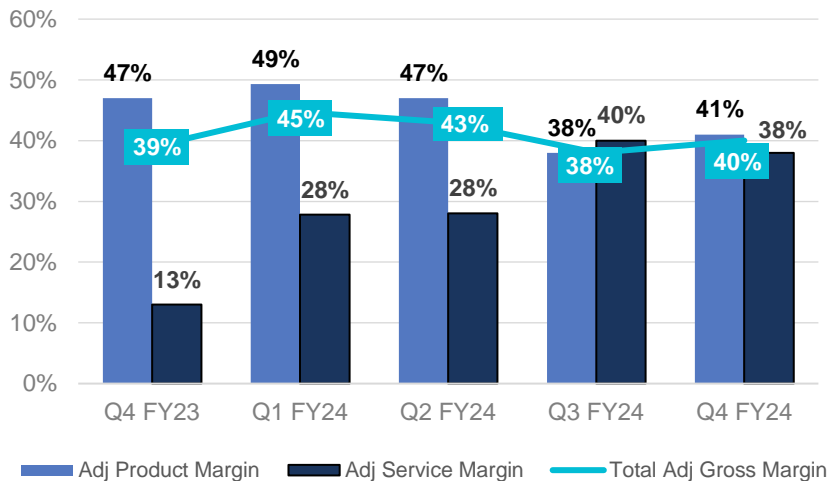
## QUARTERLY REVENUE BY TYPE



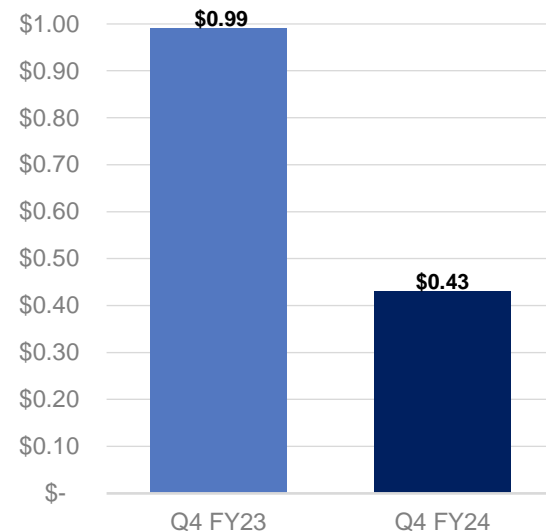
Unmanned systems renamed to Uncrewed Systems (UxS) | UxS: Uncrewed Systems (includes Tomahawk) | LMS: Loitering Munitions Systems | MW: MacCready Works

# Adjusted Profitability by Type and Non-GAAP EPS

PERCENTAGE ADJUSTED GROSS MARGIN<sup>1</sup>



NON-GAAP DILUTED EPS<sup>2</sup>



<sup>1</sup> Q4 GAAP Product Margin of 39% and Service Margin of 34%. 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.

# Updated Guidance: Fiscal 2025 Outlook

AS OF 06/26/2024	FY24 RESULTS	FY25 GUIDANCE	EXPECTED % CHANGE (TO MIDPOINT)
Revenue	\$717 million	\$790 million - \$820 million	12%
Net (Loss)/Income	\$60 million	\$74 million – \$83 million <sup>4</sup>	---
Adjusted EBITDA	\$128 million <sup>2</sup>	\$143 million–\$153 million <sup>4</sup>	16%
Earnings/(Loss) Per Share (diluted)	\$2.18	\$2.61 – \$2.92	---
Non-GAAP Earnings Per Share (diluted)	\$2.99 <sup>3</sup>	\$3.18 – \$3.49 <sup>1</sup>	12%

Expect R&D Expenses between 12%-13% of Revenues in FY25.

<sup>1</sup> Refer to Reconciliation of Fiscal Year 2025 Non-GAAP Diluted Earnings Per Share Expectations on Appendix B.

<sup>2</sup> Refer to Adjusted EBITDA Reconciliation on Appendix D.

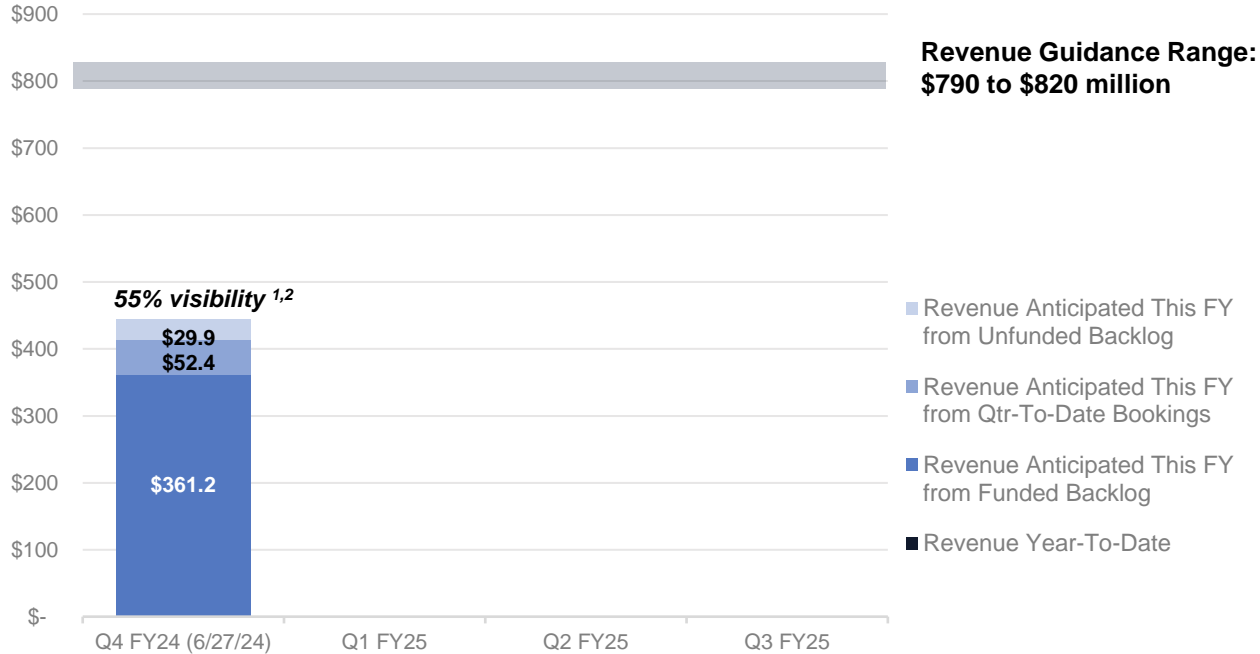
<sup>3</sup> Refer to Reconciliation of Fiscal Year 2024 Non-GAAP Diluted Earnings Per Share on Appendix F.

<sup>4</sup> Refer to Reconciliation of Non-GAAP Fiscal Year 2025 Adjusted EBITDA Expectations on Appendix E.



# Visibility for FY25

## REVENUE (MILLIONS)



**Company visibility supports revenue guidance range**

<sup>1</sup> Based on midpoint of guidance range of \$790-\$820 million

<sup>2</sup> Does not include new orders related to recently announced program wins such as the Low Altitude Stalking and Strike Ordnance or "LASSO" program, Organic Precision Fires-Light or "OPF-L" program, the Replicator Initiative and the Ukraine Aid Initiative expected to exceed \$300 million

# AEROENVIRONMENT PORTFOLIO OF INTELLIGENT, MULTI-DOMAIN UNMANNED SYSTEMS

SOLAR HAPS

JUMP 20

T-20

PUMA LE

PUMA 3 AE

PUMA VTOL

SWITCHBLADE 600

SWITCHBLADE 300

BLACKWING

RAVEN

WASP AE

VAPOR 55 MX

VAPOR 55

QUANTIX RECON



## Financial Tables

INGENUITY MARS HELICOPTER

DDL NETWORK ANTENNAS

CRYSLIS

MPL

telexmax UGV

tEddor EVO



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

	<b>Three Months Ended April 30, 2024</b>	<b>Three Months Ended April 30, 2023</b>	<b>Year Ended April 30, 2024</b>	<b>Year Ended April 30, 2023</b>
Earnings (loss) per diluted share	\$ 0.22	\$ (6.31)	\$ 2.18	\$ (7.04)
Acquisition-related expenses	0.01	0.01	0.06	0.05
Amortization of acquired intangible assets and other purchase accounting adjustments	0.15	0.23	0.54	0.92
Equity method and equity securities investments activity, net	0.05	(0.06)	0.21	0.10
Goodwill impairment	—	6.10	—	6.19
Accelerated intangible amortization	—	1.02	—	1.04
<b>Earnings per diluted share as adjusted (Non-GAAP)</b>	<b>\$ 0.43</b>	<b>\$ 0.99</b>	<b>\$ 2.99</b>	<b>\$ 1.26</b>

# APPENDIX B – RECONCILIATION OF FISCAL YEAR 2025 NON-GAAP DILUTED EARNINGS PER SHARE EXPECTATIONS (UNAUDITED)

	<u>Fiscal year ending</u> <u>April 30, 2025</u>
Forecast earnings per diluted share	\$ 2.61 - 2.92
Amortization of acquired intangible assets and other purchase accounting adjustments	0.51
Equity method and equity securities investments activity, net	0.06
Forecast earnings per diluted share as adjusted (Non-GAAP)	<u>\$ 3.18 - 3.49</u>

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

<i>(in thousands)</i>	Fiscal 4th Quarter FY2023	Fiscal 1st Quarter FY2024	Fiscal 2nd Quarter FY2024	Fiscal 3rd Quarter FY2024	Fiscal 4th Quarter FY2024
<b><u>Products</u></b>					
Gross Margin	\$ 65,320	\$ 57,863	\$ 66,747	\$ 56,437	\$ 64,550
Intangible Amortization	\$ 1,034	\$ 1,041	\$ 1,856	\$ 2,681	\$ 2,637
Adjusted Gross Margin	\$ 66,354	\$ 58,904	\$ 68,603	\$ 59,118	\$ 67,187
<i>Adj. Prod GM%</i>	46.9%	49.3%	47.1%	37.9%	40.8%
<b><u>Services</u></b>					
Gross Margin	\$ 3,080	\$ 7,797	\$ 8,603	\$ 10,850	\$ 11,084
Intangible Amortization	\$ 2,584	\$ 1,356	\$ 1,356	\$ 1,356	\$ 1,266
Adjusted Gross Margin	\$ 5,664	\$ 9,153	\$ 9,959	\$ 12,206	\$ 12,350
<i>Adj. Service GM%</i>	12.7%	27.8%	28.4%	39.8%	38.1%

# APPENDIX D – HISTORICAL ADJUSTED EBITDA RECONCILIATION

<i>(in thousands)</i>	Fiscal 4th Quarter FY2023	Full Fiscal Year FY23	Fiscal 1st Quarter FY2024	Fiscal 2nd Quarter FY2024	Fiscal 3rd Quarter FY2024	Fiscal 4th Quarter FY2024	Full Fiscal Year FY24
Net Income from continued operations	\$ (160,473)	\$ (176,212)	\$ 21,895	\$ 17,840	\$ 13,885	\$ 6,047	\$ 59,667
Interest Expense / (Income), net	2,646	9,368	2,008	1,951	114	148	4,220
Tax provision / (benefit)	(6,282)	(14,665)	1,314	1,137	1,259	(1,818)	1,892
Depreciation and amortization (1)	51,890	99,999	6,951	8,436	9,582	10,780	35,749
EBITDA (Non-GAAP)	\$ (112,218)	\$ (81,510)	\$ 32,168	\$ 29,362	\$ 24,840	\$ 15,157	\$ 101,528
FV Step-up amortization incl. in Loss on disposal of PP&E	0	192	0	0	0	0	0
Cloud amortization	158	561	203	203	488	551	1,445
Stock-based compensation	3,657	10,765	3,204	5,040	4,181	4,644	17,069
Acquisition-related expenses	196	1,386	673	1,093	(54)	383	2,095
Arcturus Goodwill Impairment	156,017	156,017					
Equity method and equity security investment activity	(1,404)	2,583	1,034	3,842	(671)	1,412	5,618
Non-controlling interest	0	45	0	0	0	0	0
Adjusted EBITDA (Non-GAAP)	\$ 46,406	\$ 90,039	\$ 37,282	\$ 39,541	\$ 28,784	\$ 22,147	\$ 127,754

# APPENDIX E – RECONCILIATION OF NON-GAAP FISCAL YEAR 2025 ADJUSTED EBITDA EXPECTATIONS

<i>(in millions)</i>	Fiscal year ending April 30, 2025	Fiscal year ended April 30, 2024
Net income	\$ 74 - 83	\$ 60
Interest expense, net	2	4
Provision for income taxes	7	2
Depreciation and amortization	36	36
<b>EBITDA (Non-GAAP)</b>	<b>119 - 129</b>	<b>102</b>
Stock-based compensation	20	17
Equity method and equity securities investments activity, net	2	6
Amortization of cloud computing arrangement implementation	2	2
Acquisition-related expenses	—	2
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 143 - 153</b>	<b>\$ 128</b>

# APPENDIX F – RECONCILIATION OF FISCAL YEAR 2024 NON-GAAP EARNINGS PER DILUTED SHARE (UNAUDITED)

	<b>Fiscal Year Ended</b>	
	<b>April 30, 2024</b>	
Earnings (loss) per diluted share	\$	2.18
Acquisition-related expenses		0.06
Amortization of acquired intangible assets and other purchase accounting adjustments		0.54
Equity method and equity securities investments activity, net		0.21
Goodwill impairment		—
Accelerated intangible amortization		—
Earnings per diluted share as adjusted (Non-GAAP)	\$	<u>2.99</u>